



Part 2A of Form ADV: Firm Brochure

## **YieldX Advisers, LLC**

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**March 29, 2022**

This brochure provides information about the qualifications and business practices of YieldX Advisers, LLC (hereinafter "*YieldX*" or "*firm*" or "*we*"). If you have any questions about the contents of this brochure, please contact us at (800) 516-0851. 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 YieldX is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

This is a new brochure being filed as of March 29, 2022.

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## Item 4 Advisory Business

### Description of Firm

YieldX Advisers, LLC is a SEC-registered registered investment adviser primarily based in Aventura, FL. We are organized as a limited liability company ("LLC") under the laws of the State of Delaware. We have been providing investment advisory services since 01/15/2020. We are primarily owned by YieldX, Inc.

We are indirectly owned by Adam Green and Shlomo Gross.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to YieldX Advisers, LLC and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

### Portfolio Management Services

We offer discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. We will also have discretion over the broker or dealer to be used for securities transactions in your account. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms.

You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

We may also offer non-discretionary portfolio management services. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

As part of our portfolio management services, in addition to other types of investments (see disclosures below in this section), we may invest your assets according to one or more model portfolios developed by our firm. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Clients whose assets are invested in model portfolios may not set restrictions on the specific holdings or allocations within the model, nor the types of securities that can be purchased in the model. Nonetheless, clients may impose restrictions on investing in certain securities or types of securities in their account. In such cases, this may prevent a client from investing in certain models that are managed by our firm.

### Sub-Advisory Services to Registered Investment Advisers

We offer sub-advisory services to unaffiliated third party money managers (the "Primary Investment Adviser"). As part of these services, we will manage assets delegated to our firm by the Primary Investment Adviser. While we are responsible for the overall management of the assets delegated to our firm, we will not communicate investment recommendations or selections directly to the Primary Investment Adviser's individual clients.

### **Sub-Advisory Services Offered to Registered Investment Companies (Mutual Funds)**

We serve as a sub-adviser to the investment adviser ("Primary Adviser") to a registered investment company (the "Fund"). We provide investment advice to the Primary Adviser under a sub-advisory agreement. The Primary Adviser supervises the management of the Fund and is responsible for ensuring that we are providing advice consistent with the Fund's investment objectives. As sub-adviser to the Fund, we receive a fee from the Primary Adviser computed, accrued, and paid on a preset basis in an amount equal to a percentage of the Fund's net sales values or net asset value. This may also depend further on the extent of service provided and the particular agreement executed between the Primary Adviser and our firm. We may recommend investments in the Fund for our client accounts. Therefore, as a client of our firm, you are advised that we will receive compensation from the Fund and that a conflict of interest exists when investing your assets in the Fund. We will only make such investments where we believe it is consistent with our fiduciary duty and your investment objectives. We will earn fees from the Primary Adviser and you for investments made in the Fund. For tax-qualified accounts with assets invested in the Fund, the advisory fee on such assets will be offset by the amount of the management fee paid to us by the Primary Adviser.

### **Wrap Fee Program(s)**

We are a portfolio manager to and sponsor of a wrap fee program, which is a type of investment program that provides clients with access to several money managers or mutual fund asset allocation models for a single fee that includes administrative fees, management fees, and commissions. If you participate in our wrap fee program, you will pay our firm a single fee, which includes our money management fees, certain transaction costs, and custodial and administrative costs. We receive a portion of the wrap fee for our services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program.

Transactions for your account must be executed by Apex Clearing Corporation, a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by Apex or other broker-dealers, and the advisory fees charged by investment advisers. For more information concerning the Wrap Fee Program, see *Appendix 1* to this Brochure.

We primarily offer advice on equity securities, corporate debt securities, mutual fund shares and ETFs. Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

In general, we manage wrap fee accounts on a discretionary basis. Wrap fee accounts are typically more appropriate for active accounts and are managed accordingly. We also manage non-wrap fee accounts on either a discretionary or a non-discretionary basis, and may include a different investment strategy in managing non-wrap accounts.

If you participate in a wrap fee program, we will provide you with a separate Wrap Fee Program Brochure explaining the program and costs associated with the program. You should also review this Part 2A thoroughly to evaluate any differences between the services we offer as wrap versus non-wrap.

## **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

## **Model Strategies**

We will construct asset allocation strategies and model portfolios where it selects the underlying investments for such model portfolios ("*Model Strategies*") for a variety of investors. Model Strategies are created to fulfill a particular investment objective and may be executed at different levels of customization for investors. We will provide access to the Model Strategies and provides services to such Model Strategies in accordance with the terms of the applicable investment management agreements, service agreements, organizational documents or offering documents. Model Strategies may be executed through and maintained by an independent investment adviser and those Model Strategies will not be modified for individual investors and may include allocations to Registered Investment Companies, and, in certain cases, SMAs that are organized, controlled, advised and/or managed by investment managers (including affiliates of YieldX). Model Strategies also may be completely customized for investors that are our clients and may include an allocation of assets to any appropriate investment strategy or product based on the client's investment objective. Model Strategies generally are made available to investors on a non-discretionary basis.

## **Cash Management Services**

YieldX provides investment advice with the purpose of helping our clients create and maintain a disciplined approach to investing funds prudently and effectively. Cash management clients utilize primarily the following Fixed Income Securities: U.S. treasuries and government securities; government agencies; highly rated corporate and municipal securities; certificates of deposit that are either with a highly-rated bank or are fully insured; and AAA-rated money market mutual funds. We develop an understanding of the client's cash flow needs with respect to the money being invested. Once investment types have been agreed upon with the client and we have an understanding of expected cash flows, we then look to the yield curve to determine the appropriate strategy. Most cash management clients will require maturities of less than two years, but may invest greater than two years but less than five years under certain conditions. Once we have this information, there are several buy-and-hold strategies that we generally recommend to our cash management clients:

*Traditional Laddered Approach.* We use this approach when the yield curve is normal. Here, we recommend matching securities with the expected cash flow schedule keeping in mind liquidity needs. In this approach, investments will mature in amounts greater than the cash flow estimates to reduce the need to sell a security before it matures.

*Modified Laddered Approach.* This approach is used when the yield curve is inverted (downward sloping) or humped. In the case of an inverted yield curve, our approach would be to recommend investing larger maturities in the short end of the yield curve. In the case of a humped yield curve, our approach would be to recommend matching maturity amounts to cash flows for the part of the yield curve that is upward sloping, and then invest larger amounts at the top of the yield curve.

*Core Balance Approach.* This approach is used for clients with core operating fund balances that can be invested two years or longer. We initially recommend structuring investments to mature at regular intervals up to two years or longer. As investments mature, the proceeds are reinvested in longer term investments, with the goal of eventually having all investments effectively earning longer term interest rates, while also providing liquidity with regular maturities.

### **Assets Under Management**

As of December 31, 2021, we provide continuous management services for \$90,267,850 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

### **Portfolio Management Services**

Our annual fee for portfolio management services varies depending upon the market value of your assets under our management, the type and complexity of the asset management services provided, as well as the level of administration requested either directly or assumed by the client. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion. Our advisory fee is negotiable, depending on individual client circumstances. Please refer to your advisory agreement for the specific fees charged to manage your account.

Our annual portfolio management fee is billed and payable, quarterly in arrears on or after the last business day of the calendar quarter. The Advisory Fee for a calendar quarter for each Advisory Account shall be an amount equal to percentage rate multiplied by the related value of the Assets in an Advisory Account as of the last business day of the calendar quarter. If your agreement commences or terminates during a calendar quarter, the Advisory Fee for that quarter shall be prorated based on the portion of such calendar quarter during which this Agreement was in effect. If this Agreement terminates during a calendar quarter, the Advisory Fee for that quarter shall be based on the value of an Advisory Account on the date of termination.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

### **Sub-Advisory Services for Registered Investment Advisers**

Fees and payment arrangements are negotiable and will vary on a case-by-case basis.



## Fees in General

The amount and method of payment of fees will be specified in the offering and governing documents of each corresponding Registered Investment Company or other pooled investment vehicle, and will generally not be negotiable. Advisory fees will be paid by the Registered Investment Companies and invoiced monthly, quarterly, semi-annually, or annually, in advance or in arrears, as specifically stated in each Registered Investment Company or other pooled investment vehicle offering and governing documents or advisory services agreement.

In the event that a client invests through an SMA advised by the firm that includes affiliated Registered Investment Company products (the "*Affiliated Products*"), no additional advisory fees will be charged by YieldX on the assets under management invested in the Affiliated Products. Our compensation will be earned at the product-level as disclosed in the prospectus and statement of additional information for each Affiliated Product. However, third-party costs incurred in connection with the operation of the SMA and fees for advice in non-Affiliated Products will be charged to the client as set forth below.

## Supervisory and Evaluation Fees

YieldX's fees for UIT portfolio supervisory and evaluation services for Affiliated Products will be generally assessed as a fixed amount per unit.

## Portfolio Consultant and Licensing Fees

For providing model portfolio investment recommendations to UITs not sponsored by YieldX's affiliates, we will be paid a fee based upon a percentage of the average net assets of the UIT.

## Separate Managed Accounts

Fees charged to SMA clients are based upon factors that include, but are not limited to: (a) the amount and/or composition of the assets in the client's account; (b) the number of accounts and/or total amount of assets that the client or its financial advisor has with YieldX; (c) the range and extent of services provided to the client; (d) the amount of assets invested in Affiliated Products; and (e) whether the client is an employee of YieldX or an affiliate. Moreover, fees, minimum account sizes and other account requirements vary as a result of policies and the date an account opened, or if account assets are custodied at firms other than those recommended by YieldX.

Our fees for investment management services to SMAs are assessed on a quarterly basis, generally in advance. Fees are assessed at the rate in effect at the time of the billing. Any rate change which occurs during the quarter will be reflected in next billing period. Generally, one-quarter of our annual fee is assessed each quarter based on the value of the account at the beginning of the quarter, which may or may not include accrued interest and dividends. Any deposits or withdrawals during the quarter are billed, or credited as the case may be, on a pro-rata basis at the end of the quarter. If an account is closed before the end of a quarter, generally a prorated amount of the fee will be refunded to the client.

YieldX's standard annual fee is between 0.10% and 1.50% of assets under management (other than assets invested in Affiliated Products) depending upon the asset class, but we may negotiate fees with clients on a case by case basis.

In addition to the fees described above, SMA clients bear certain other costs associated with investments or accounts including but not limited to: (i) custodial charges, brokerage fees, commissions and related costs; (ii) interest expenses; (iii) taxes, duties and other governmental charges; (iv) transfer and registration fees or similar expenses; (v) costs associated with foreign



exchange transactions; (vi) other portfolio expenses, including but not limited to index licensing fees; and (vii) costs, expenses and fees (including investment advisory and other fees charged by the investment advisers of Registered Investment Companies in which the client's account invest) associated with products or services that are necessary or incidental to such investments or accounts.

### Private Funds

The management fee for Private Funds managed or advised by YieldX is based on a percentage of the investor's net assets under management at fixed annual rates, that range from 0.50% to 2.00% per year. The management fee charged by any Private Fund may be subject to negotiation for certain investors. Management fees may be charged monthly or quarterly, generally in arrears, and are pro-rated for partial periods.

Private Funds also generally bear their own organizational, operating and other expenses including, but not limited to, in addition to those listed above: (a) sales expenses; (b) legal, compliance and other professional expenses; (c) expenses incurred in connection with complying with provisions in any side letter agreements; (d) internal and external accounting, audit, custody, administration and tax preparation expenses; (e) the out-of-pocket costs of any insurance, indemnification or extraordinary expense or liability relating to the affairs of Private Funds; (f) expenses of the limited partner advisory boards for certain Private Funds and meetings of the limited partners; and (g) expenses of liquidating and dissolving the Private Funds.

We currently do not charge performance-based fees to the Private Funds, although it may do so in the future. Investment managers may charge performance-based fees to a Private Fund or other hedge or private fund in which a Private Fund may invest. Such performance fees generally will be equal to a percentage of the net realized and unrealized profits earned by a client for each year, although it may be assessed more frequently. Performance fees will be charged in accordance with Section 205 of the Advisers Act and the conditions of SEC Rule 205-3 thereunder. All Private Fund offering documents disclose where performance fees may be charged by an investment manager to the Private Fund.

### Model Strategies

Our Model Strategies will be executed through and maintained by an independent investment adviser and we are typically paid a fee based on the investor's assets under management at fixed annual rates that range from 0.10% to 2.00% to provide investment model allocations. This fee is paid quarterly in arrears and is pro-rated for partial periods.

### Cash Management Services

The management fee for cash management services typically will range from 0.10% to 2.00% of assets under management depending on the elected asset class, size of the account and restrictions placed upon YieldX by the cash management clients.

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

### **Portfolio Management Services**

We do not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-

based fees. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We generally provide services to Registered Investment Companies, other pooled investment vehicles, institutional investors, public and private companies and investment advisers. We also may provide services to individual investors. There is no minimum asset base required for clients, but we will evaluate each individual client on a case by case basis prior to entering into an agreement to provide advisory services. We provide investment advice to the Private Funds, interests in which are offered to qualified investors on a private placement basis. Investor qualification requirements are set forth in the offering and governing documents for each Private Fund.

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

### Unit Investment Trust Services

For affiliate-sponsored UITs, we will not select the portfolio and, therefore, will not use a method of analysis or investment strategy for providing investment advice or managing assets. However, as the supervisor of these UITs, we will provide some monitoring services. In particular, we may determine that a condition may exist in which it is necessary for the UIT to sell some of its holdings in order to maintain the sound investment character of the UIT, even though UITs are not managed and generally do not change their portfolios. Such limited conditions to protect the UIT will be specified in the UIT's governing documents and generally include, but are not limited to, situations when: there has been a default in the payment of dividends, the price of a security has declined to such an extent or other such credit factors exist so that the retention of such securities would be detrimental to the UIT and to the interest of the unitholders, a sale is required to fund redemptions, a sale would maintain the UIT's tax status, and the UIT must comply with federal and/or state securities laws, regulations and/or regulatory actions and interpretations.

### Discretionary Investment Management Services

As noted in Item 4, YieldX provides discretionary investment management services to a variety of institutional and individual clients, including Registered Investment Companies and SMAs. The following discussion summarizes our investment strategies in general and discusses certain risks of investing in various types of securities. Investors in Registered Investment Companies should also read the applicable funds' prospectuses, annual and semi-annual reports, and other fund specific materials for a complete description of each fund's investment strategies and risks. All investing involves the risk of loss which clients should be prepared to bear.

Our SMA accounts principally involve one or more fixed income or other income generating securities or balanced strategies involving investments in primarily Fixed Income Securities. We may offer strategies investing principally in Registered Investment Companies which involve all of the risks of investing in the fixed income asset class, as well as risks specific to the particular type of Registered Investment Company. Following is a general description of our approach to investing in various asset classes and certain risk factors applicable to each.

## Risks

Investing in securities in all asset classes involves a risk of loss that the client should be prepared to bear. Our securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. There are no assurances that any model portfolios for clients will succeed. We cannot give any guarantee that a client's investment objectives will be achieved or that a client will receive a return on their investment. Other potentially material risks may include:

*Fixed Income Securities.* YieldX utilizes fixed income strategies that are actively managed or model or index based. Actively managed fixed income mandates generally employ an active investment style that emphasizes rotation among different types of debt on a relative value basis, specific security selection, quantitative analysis of each security and the portfolio as a whole and intensive credit analysis and review. Model-based strategies typically invest across a broad spectrum of Fixed Income Securities, as well as currencies, futures and swaps. A risk-controlled, systematic process is utilized for model-based portfolio construction

Typically, the Fixed Income Securities portion of balanced SMA accounts is achieved through the use of fixed income Registered Investment Companies and may include exposure to additional fixed income asset classes; these additional asset classes are discussed below.

The primary risk of investing in fixed income securities is that they may decline in value for a variety of reasons, including a broad market downturn, a rising interest rate environment, unfavorable developments affecting an entire industry, and specific events affecting a single company. The following is a partial list of the risks associated with investing in various types of Fixed Income Securities:

- All bonds are subject to various risks including higher interest rates as fixed income securities typically decline in value as interest rates rise), economic recession, possible rating downgrades by one or more rating agencies, and possible defaults of interest and/or principal payments by the issuer.
- High-yield or "junk" bonds are rated below investment grade and are subject to a higher risk of rating downgrade and issuer default than investment-grade bonds, and are more affected by an economic recession. The prices of high-yield bonds tend to fluctuate more than those of investment grade bonds.
- U.S. government securities are guaranteed only as to the timely payment of interest and the payment of principal when held to maturity. Accordingly, the current market values for these securities will fluctuate with changes in interest rates. Securities issued or guaranteed by U.S. government agencies and instrumentalities are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. government. No assurance can be given that the U.S. government will provide financial support to its agencies and instrumentalities if it is not obligated by law to do so.
- Fixed Income Securities issued by foreign issuers are subject to additional risks including foreign currency fluctuations, foreign political risks, foreign tax withholding, possible lack of adequate financial information and possible exchange control restrictions. Additionally, these risks may be more pronounced in emerging markets where the securities markets are substantially smaller, less liquid, less regulated, and more volatile than developed foreign markets.
- Senior loan securities are typically high-yield, floating rate corporate debt securities which are senior in a company's capital structure to unsecured debt securities. Like all high-yield securities, such securities carry a heightened risk of a rating downgrade or issuer default than

investment grade securities.

- Municipal bonds are issued by states, counties or other municipal authorities and are subject to additional risks, including deterioration in the financial condition of the municipal issuer and potential changes in tax laws affecting the tax-free status of municipal bonds. Adverse conditions in an industry significant to a local economy could have a correspondingly adverse effect on the financial condition of local issuers. The amount of public information available about municipal bonds is generally less than for certain corporate equities or bonds, meaning that the investment performance may be more dependent on the analytical abilities of YieldX than investing in corporate investments.
- Preferred securities generally are subordinated to bonds and other debt instruments in a company's capital structure and therefore will be subject to greater credit risk than those debt instruments. In addition, preferred securities are subject to other risks, such as having no or limited voting rights, being subject to special redemption rights, having distributions deferred or skipped, having floating interest rates or dividends, which may result in a decline in value in a falling interest rate environment, having limited liquidity, changing or unfavorable tax treatments and possibly being issued by companies in heavily regulated industries.
- Asset- and mortgage-backed securities may be more sensitive to changes in interest rates than traditional Fixed Income Securities as rising rates tend to extend the duration of such securities. In addition, these securities are subject to prepayment risk, since borrowers may pay off their debt sooner than anticipated, particularly during a period of declining interest rates. Subprime asset and mortgage-backed securities are subject to a higher risk of rating downgrade or defaults than higher rated securities.
- The value of a REIT can be hurt by economic downturns or by changes in real estate values, rents, property taxes, interest rates, tax treatment, regulations, or the legal structure of the REIT. By investing in REITs, clients bear their proportionate share of the expenses of the REITs.
- Investments in common units of MLPs involve risks that differ from investments in common stock, including risks related to limited control and limited rights to vote. An investment in an MLP also exposes the investor to the legal and tax risks associated with investing in partnerships. MLPs may have limited financial resources, their securities may be relatively illiquid, and they may be subject to more erratic price movements because of the underlying assets they hold.

***Illiquid Credit Strategy.*** Illiquid credit refers to income producing assets that do not have an active secondary market in which they can be traded. Illiquid credit assets can be long-term, such as 25-year leases on commercial property, or short- or medium-term credits, such as corporate loans made by non-bank entities and trade receivables. Although investing in these types of Fixed Income Securities could provide an investor with an income stream in excess of that from readily marketable corporate bonds through exposure to credits that are not available in public bond markets, the possibility of enhanced returns is derived from the inherent complexity and illiquidity of the assets. Illiquid credit are private debt investments that do not typically offer trading volumes, public credit ratings or public pricing information. Therefore, clients will be reliant on YieldX to perform due diligence and analysis of the individual credits, maintain strong relationships with the market participants and monitor the performance of each investment for an illiquid credit strategy to succeed.

While illiquid credit has much in common with public bond market investing, these assets lie outside the mainstream of Fixed Income Securities. The illiquidity of these assets may make it difficult to sell the assets if the need arises. If a client needs to sell all or a portion of a portfolio over a short period of time, the client may realize significantly less value than the value at which it had previously recorded those assets. There can be no assurance that clients will be able to generate enhanced returns for their investment or that the returns will be commensurate with the risks of investing in illiquid credit.

*CEFs, ETFs, UITs and other Investment Companies.* Certain SMA accounts invest all or a portion of clients' portfolios in Registered Investment Companies. The underlying Registered Investment Companies may invest in a wide variety of Fixed Income Securities and other asset classes. Our approach to the selection of Registered Investment Companies involves a variety of fundamental and performance-related criteria and involves both quantitative and qualitative analysis of the applicable sector. A portion of an SMA portfolio may be reserved for a tactical overweighting or underweighting of various Fixed Income Securities or other asset classes based on our current outlook for things such as specific asset classes, industries or global geographic regions. As Registered Investment Companies invest in a variety of Fixed Income Securities and other asset classes and thus are subject to the applicable risks previously identified above. Additionally, Registered Investment Companies are each unique securities in their own right and are subject to additional risks that are discussed below:

- Registered Investment Companies are subject to the funds' managements' abilities to manage the underlying portfolios to meet the funds' stated investment objectives.
- Investing in other investment companies is subject to risks affecting the Investment Company, including the possibility that the value of the underlying securities held by the investment company could decrease. Moreover, such an investment will incur its pro rata share of the expenses of the underlying Registered Investment Companies' expenses.
- CEFs, unlike open-end funds which trade at prices based on a current determination of a fund's net asset value, frequently trade at a discount to their net asset value in the secondary market. Additionally, many CEFs employ leverage to achieve greater returns. A leverage strategy often increases the volatility of such CEFs.
- ETFs also may trade at a discount to their net asset value in the secondary market. The structure of an ETF is such that most ETFs' market prices tend to track the funds' respective net asset value closely, but this may not always be the case, particularly during periods of extreme market volatility.
- Most ETFs are designed to track a specified market index; however, in some cases an ETF's return may deviate from the specified index. Certain ETFs are actively managed ETFs and are subject to management risk. Furthermore, unlike open-end funds, investors are generally not able to purchase ETF shares directly from the fund sponsor nor redeem ETF shares with the fund sponsor. Rather, only specified large blocks of ETF shares called "creation units" can be purchased from, or redeemed with, the fund.
- UITs unlike mutual funds and ETFs, hold a fixed portfolio of securities that is unmanaged and altered only in rare circumstances. In the event an investor elects to dispose of a UIT prior to its stated termination date, it can do so through a secondary market transaction with the UIT sponsor or through redemption at the current net asset value of the UIT, which may have decreased since the initial date of deposit.

*Equity Securities.* Our investment management process utilizes both quantitative and qualitative analysis to assess a company's ability to generate cash flow and its current valuation relative to intrinsic value. We believe the disciplined, systematic application of its proprietary process will lead to long-term value creation. The primary risk of investing in equity securities is that they may decline in value for a variety of reasons, including a broad market downturn, unfavorable developments affecting an entire industry, and specific events affecting a single company. The following is a partial list of the risks associated with investing in various types of equity securities:

- An investment in equity securities should be made with an understanding of the risks involved with owning common stocks, such as an economic recession and the possible deterioration of either the financial condition of the issuers of the equity securities or the general condition of the stock market.
- An investment in foreign stocks is subject to additional risks, including foreign currency fluctuations, foreign political risks, foreign withholding, possible lack of adequate financial



information, and possible exchange control restrictions impacting foreign issuers. These risks may be more pronounced in emerging markets where the securities markets are substantially smaller, less liquid, less regulated and more volatile than developed foreign markets.

- An investment in small-capitalization or mid-capitalization companies may be more volatile than investments in larger, more established companies, and securities of small and mid-size companies typically have more limited trading volumes.
- A portfolio may be concentrated in a particular industry or sector which involves more risk than a broadly diversified portfolio.

*Commodities-Linked Investments.* The performance of commodity-linked investments, including derivatives, may depend on the performance of the overall commodities markets and on other factors that affect the value of commodities, including weather, political, tax, and other regulatory and market developments. Commodity-linked notes may be leveraged. Commodity-linked investments may be hybrid instruments that can have substantial risk of loss with respect to both principal and interest. Commodity-linked investments may be more volatile and less liquid than the underlying commodity, instruments, or measures and are subject to the credit risks associated with the issuer, and their values may decline substantially if the issuer's creditworthiness deteriorates. As a result, returns of commodity-linked investments may deviate significantly from the return of the underlying commodity, instruments, or measures. Legal and regulatory changes also can affect the value of these investments.

*Derivatives.* The value of derivatives, including options, futures and options on futures also may be adversely affected if the market for derivatives is reduced or becomes illiquid. No assurance can be given that a liquid market will exist when YieldX seeks to close out a position. Reasons for the absence of a liquid secondary market on an exchange include the following: (i) there may be insufficient trading interest in certain derivatives; (ii) restrictions may be imposed by an exchange on opening transactions or closing transactions or both; (iii) trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of derivatives; (iv) unusual or unforeseen circumstances may interrupt normal operations on an exchange; (v) the facilities of an exchange or the Options Clearing Corporation may not at all times be adequate to handle the then-current trading volume; or (vi) one or more exchanges could, for economic or other reasons, decide or be compelled at some future date to discontinue the trading of derivatives (or a particular class or series of derivatives). If trading were discontinued, the secondary market on that exchange (or in that class or series of derivatives) would cease to exist. However, outstanding options on that exchange that had been issued by the Options Clearing Corporation as a result of trades on that exchange would continue to be exercisable in accordance with their terms.

In addition, transactions in exchange-traded derivatives will be subject to limitations established by each of the exchanges, boards of trade or other trading facilities on which the derivatives are traded. These limitations govern the maximum number of derivatives in each class which may be written by a single investor or group of investors acting in concert, regardless of whether the derivatives are written on the same or different exchanges, boards of trade or other trading facilities or are written in one or more accounts or through one or more brokers. An exchange, board of trade or other trading facility may order the liquidation of positions found to be in excess of these limits, and it may impose other sanctions.

The use of derivatives may create leveraging risk. Leveraging may cause an account to be more volatile than if it had not been leveraged. Leverage can also arise through the use of borrowing for investment purposes. To the extent that clients purchase securities while having outstanding borrowings, the client is using leverage (i.e., using borrowed funds for investment) and the leveraging

will increase the effect of any increase or decrease in the market value of a client's SMA. Money borrowed for leveraging will be subject to interest costs that may or may not be recovered by appreciation of the SMA.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in a particular investment strategy. Prospective and existing clients are encouraged to consult their own financial, legal and tax professionals in connection with the selection of and investment in a particular strategy or product. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed herein.

## **Item 9 Disciplinary Information**

Neither YieldX nor its management persons have any legal or disciplinary events in the past ten years that would be material to a client's evaluation of our business or the integrity of our management.

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

YieldX has financial industry activity relationships and arrangements which are material to its advisory business. As noted in Item 4 above, we will provide advisory services and have material business arrangements with affiliates and non-affiliates that sponsor Registered Investment Companies, including UITs.

Certain of YieldX's officers and managers are anticipated to be the officers or managers of YieldX Securities, LLC ("*YieldX Securities*"), an affiliate which is applying for registration as a broker-dealer with the SEC and member of the Financial Industry Regulatory Authority ("*FINRA*"). Once YieldX Securities FINRA membership is approved, this brochure will be amended to describe such affiliations. Currently there are no other material relationships.

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

We have adopted a Code of Ethics which sets forth the ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Our Code of Ethics provides for oversight, enforcement and recordkeeping provisions. A copy of our Code of Ethics is available to our advisory clients and prospective clients upon written request to Chief Compliance Officer, at the firm's principal office address.

Our firm or individuals associated with our firm may buy or sell securities identical to those recommended to or purchased for clients for their personal accounts. In addition, any related person may have an interest or position in a certain security, which may also be recommended to a client. This practice results in a potential conflict of interest, as we may have an incentive to manipulate the timing of such purchases to obtain a better price or more favorable allocation in rare cases of limited availability.

To mitigate these potential conflicts of interest and ensure the fulfillment of our fiduciary responsibilities, we have, among other things, established the following restrictions:

1. No employee of YieldX may purchase, directly or indirectly for any account in which he or she has beneficial ownership, any security in an initial public offering. This requirement also does



- apply to transactions in an initial public offering in an account over which an employee has granted full discretionary authority to a third party.
2. No employee of YieldX may purchase, directly or indirectly for any account in which he or she has beneficial ownership, or outside such an account, any security in a limited offering (i.e., private placement) without prior written approval.
  3. No employee of YieldX may purchase or sell, directly or indirectly for any account in which he or she has beneficial ownership, any security that to his or her actual knowledge is being purchased or sold, or is actively being considered for purchase or sale, by a client of YieldX. This restriction, however, does not apply when the purchase or sale by the client account is a maintenance trade or an unsupervised trade.
  4. Except with prior written approval of the Chief Compliance Officer, no investment person of YieldX may purchase or sell, directly or indirectly for any account in which he or she has beneficial ownership, any security eligible for purchase or sale by a client account for which such investment person has responsibility. Investment persons of YieldX include portfolios managers, portfolio assistants, securities analysts and traders employed by YieldX, or any other persons designated as such by YieldX.
  5. In the event that a client account purchases or sells a security within seven days preceding or following the purchase, or purchases or sells a security within seven days preceding or following the sale, of the same security by an investment person who has responsibility for the client account, the investment person may be required to dispose of the security and/or disgorge any profits associated with his or her transaction. Such disposal and/or disgorgement may be required notwithstanding any prior written approval, unless the purchase or sale by the client account is a maintenance trade or unsupervised trade.
  6. No employee of YieldX may purchase or sell, directly or indirectly for any account in which he or she has beneficial ownership, any common or preferred shares of a closed-end or exchange-listed Affiliated Product without prior written approval of the Chief Compliance Officer.
  7. All of our principals, associated persons and employees must act in accordance with all applicable Federal and state regulations governing registered investment advisory practices.

Any individual not in observance of the above may be subject to disciplinary action, including fine, suspension or termination.

## **Item 12 Brokerage Practices**

YieldX will typically recommend Apex Clearing Corporation to serve as the custodian of client assets and broker-dealer for client transactions but we do not determine the reasonableness of such broker-dealer's compensation. As described in Item 4, we will provide advisory services to affiliates and non-affiliates that sponsor UITs and mutual funds. Those sponsors will be broker-dealers responsible for the securities transactions. We do not anticipate YieldX Securities will execute our client trades in the event its SEC-registration and FINRA membership are approved.

## **Item 13 Review of Accounts**

Each Registered Investment Company and SMA is managed by one or more of our portfolio managers. The portfolio managers review the accounts on a continuous basis and are responsible for the day-to-day operations of the Registered Investment Company and SMA, including sector weightings, cash positions, buy and sell decisions, performance and overall adherence with the investment philosophy and specific requirements of the account. A more formal review of investment policy, strategy, asset allocation and other matters will be conducted at least quarterly and more often as circumstances warrant.

Shareholders of Registered Investment Companies are provided with annual audited financial reports as well as semiannual unaudited reports, each of which is available through the SEC's EDGAR database at [www.sec.gov](http://www.sec.gov). In addition, on a quarterly basis, YieldX generally meets with, and provides a comprehensive report of the performance of each Fund to, the Fund's board of directors or trustees, as applicable. This report includes a comparison of each portfolio's performance measured against the performance of its applicable benchmark, market sector and/or a mutual fund peer with a similar investment objective. Special reports and materials are also provided to the directors or trustees, as applicable, from time to time or as requested.

Although UIT portfolios are intended to be fixed and not actively managed or traded, we will continuously monitor all underlying portfolio investments and periodically review portfolios as required by the related prospectus and indenture of each UIT for matters that may be cause for concern, such as a ratings downgrade, an issue being placed on credit watch by a rating agency, significant negative financial news, etc.

Each UIT trustee or sponsor will receive monthly/quarterly statements from the respective custodian. Investors in an affiliate-sponsored UITs will receive the Trustee's Annual Report which includes a listing of holdings in each trust and a summary of transaction activity in the trust during the year. Our firm may provide additional reports as specifically required in each UIT prospectus.

YieldX monitors all managed accounts on a regular basis for consistency with each client's stated investment objective and the specific investment strategy selected. Portfolios managed for Registered Investment Companies are reviewed at least monthly. The nature of these reviews principally involves monitoring each fund's portfolios for consistency with the applicable prospectus guidelines. SMA accounts are also reviewed at least monthly. These reviews involve a comparison of accounts within the applicable strategy for unusual deviations from other accounts within the same strategy.

SMA clients receive reports on at least a quarterly basis from their designated custodian. These reports include a listing of holdings in the account, performance statistics and a detail of securities sold during the quarter. In addition, investors in Registered Investment Companies receive an annual report and semi-annual report as required by applicable regulations. These reports contain a listing of holdings in the portfolios, financial statements for each fund, performance information, management's discussion, and other information.

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

YieldX does not receive any additional compensation from third parties for providing investment advice to its clients and does not compensate anyone for client referrals.

## **Item 15 Custody**

YieldX does not have custody of client funds or securities. Each client's assets are held by a qualified custodian. However, we urge all of our clients to carefully review their quarterly reviews of account holdings and/or performance results received from their custodian. Should a client notice any discrepancies or inconsistencies, please notify the custodian as soon as possible.

## Item 16 Investment Discretion

As described in Item 4, YieldX provides discretionary investment management services to a variety of institutional and individual clients. Every account managed by us is governed by a written contract between us and the client in which the client grants us discretionary authority to manage the account. For Registered Investment Companies, our investment discretion will be governed by the provisions of the applicable prospectus and our contract with the applicable fund, which may impose restrictions on us regarding investing in certain securities or types of securities. In the case of the Registered Investment Companies, certain of the portfolios are sub-advised by the other investment advisors who are responsible for the management of the funds' portfolios and who are subject to our oversight. For Private Funds, we will manage the fund in accordance with the fund's stated investment objectives and contractual parameters contained in the organizational documents.

SMA clients provide us with discretionary investment authority through the investment advisory contract. Generally, a client selects one or more strategies from a menu of investment strategies offered by us. Typically, the investor works with his/her financial adviser as an integral part of this process, which involves a review of the investor's financial situation, goals, experience, and risk tolerance, among other factors. Each account in a particular strategy will be managed in a similar manner. In the event there are client-imposed restrictions on investing in certain securities or types of securities, such restrictions may affect the performance of an account.

We will have limited authority to authorize the sale of securities held by a UIT pursuant to the terms of such UIT's governing documents.

## Item 17 Voting Client Securities

We will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations.

In the event you wish to direct our firm on voting a particular proxy, you should contact our main office at the phone number on the cover page of this brochure with your instruction.

Conflicts of interest between you and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you, and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict.

We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

## **Item 18 Financial Information**

We have discretionary authority over clients' SMAs and therefore are required to disclose to clients any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients. Clients are advised that we have no such financial condition to disclose. YieldX has not been the subject of a bankruptcy petition at any time during the past ten years.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.