

Item 1: Cover Page

Part 2A of Form ADV: Firm Brochure

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This brochure ("Brochure") provides information about the qualifications and business practices of Covey Advisors LLC ("Covey" or "the Firm"). Registration does not imply a certain level of skill or training. If you have any questions about the contents of this Brochure, please contact us at info@covey.io. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Covey also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

In this Item, the Firm is required to identify and discuss material changes to this Brochure from its last annual update. The Firm filed for registration as an investment adviser in September 2022 and, as such, has not yet filed an annual update to this Brochure. The Firm has no changes to disclose in relation to this Item.

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Item 4: Advisory Business

Covey is an SEC registered investment adviser offering web-based, non-discretionary investment advisory services to clients (each a "Client, and collectively, "Clients") through the Covey mobile app ("the Mobile App"). The Firm was formed in January 2022 and is principally owned by Brooker Belcourt through his ownership of the Firm's parent company, Covey IO Corp.

Covey provides its recommendations to Clients exclusively through a software application that is available in the Mobile App. The Firm does not provide investment advice in person, over the phone, in live chat, or in any manner other than through the Mobile App. The Firm maintains an online presence through <https://covey.io/>, primarily for informational purposes.

Through the Mobile App, Covey recommends third-party content creators (each an "Analyst," and collectively, "the Analysts") to Clients using its Alpha Algorithm ("the Algorithm"). All Analysts publish data publicly about investment strategies ("Ideas") they develop to a distributed idea ledger ("Ledger") which is available for anyone to view at www.covey.io/about. The Ideas consist of investment strategies including one or more of the following asset classes: public U.S. equity securities, American Depositary Receipts ("ADRs"), exchange traded funds ("ETFs"), and cryptocurrency ("crypto assets"). From the Ledger, Covey uses the Algorithm to determine a limited number of Analysts to recommend to Clients based on total return, Sharpe ratio, position hit rate, position slugging rate, and participation. Clients may elect to follow one or more of the recommended Analysts or follow other Analysts they identify through the Mobile App.

Clients choose one or more of the ideas from the Analyst(s) they follow, which Covey then tailors to their individual needs using a proprietary portfolio algorithm ("Portfolio Algorithm") to build an investment portfolio ("Portfolio"), as follows. First, Covey adjusts the position sizing of Analyst(s) Ideas relative to a Client's investment needs, considering factors such as the Client's net worth, income, and age. Second, the Client chooses the number of top ideas of a given Analyst to include in their Portfolio. Third, the Client is able to remove (mute) certain positions or sectors they do not want in their Portfolio. (For example, if a Client does not want oil and gas companies in their portfolio, they are able to remove them.) Covey then executes its recommended transactions in the Client's Portfolio on a discretionary basis. For the avoidance of doubt, the Mobile App does not automatically execute any securities transactions on a Client's behalf based exclusively on the ideas generated by Analysts – All securities transactions executed by Covey on behalf of a Client are the result of Covey's application of the Algorithm to tailor the Ideas to Clients following the process set forth herein.

To trade through the Mobile App, a Client must open securities brokerage account and provide Covey non-discretionary authority over such accounts. Brokerage accounts, agreements, and order processing will be conducted through Alpaca Securities LLC ("Alpaca

Securities”), an unaffiliated SEC-registered broker-dealer and Financial Industry Regulatory Authority (“FINRA”) member, which provides brokerage related services to Covey and Clients. Alpaca Securities will also provide custody, clearing, and settlement services for Covey’s Clients. Using Alpaca Securities application program interface (“API”), the Mobile App allows Clients to create an investment account instantly on any mobile device. Alpaca Securities will buy and sell supported securities assets, store securities assets acquired by Clients, and track securities transactions via the Mobile App. The investments in each Client’s account are held in a separate account in the name of the Client at Alpaca Securities, and not with Covey.

If Clients elect to invest in crypto assets, then Clients must also open a cryptocurrency account (“crypto account”) with Alpaca Crypto and provide non-discretionary authority over that account to Alpaca. Crypto accounts, agreements, and transaction processing will be conducted through Alpaca Crypto. Using Alpaca Crypto’s API, the Mobile App allows Clients to create a crypto account with Alpaca Crypto instantly on any mobile device. Alpaca Crypto will buy and sell supported crypto assets (“crypto transactions”), store crypto assets acquired by Clients, and track crypto transactions via the Mobile App. The investments in each Client’s crypto account are held in a separate account in the name of the Client at Alpaca Crypto, and not with Covey. Alpaca Crypto does not support the offering of any crypto assets through an IRA.

The Firm does not participate in wrap fee programs.

The Firm does not directly manage Client assets, therefore, it does not expect to have assets under management on a discretionary basis or non-discretionary basis.

Item 5: Fees and Compensation

Covey charges for the ideas generated by the Analysts. For Clients with under \$10,000 of assets, Covey charges a fixed fee of \$5 per month. For Clients with assets greater than \$10,000, Covey charges 1/12 of 1% per month. Fees are billed monthly and deducted direct from the Client’s account at the end of the month.

Clients will incur brokerage and other transaction costs in addition to the fees they pay to Covey. Covey does not charge these to Clients and does not benefit directly or indirectly from any such charges. These types of charges include, but are not limited to, wire transfer fees, paper statement fees, and bounced check fees. The issuer of some of the securities purchased for Clients, such as ETFs and ADRs, may charge product fees and expenses that affect Clients. An ETF typically includes embedded expenses that may reduce the fund’s net asset value, and therefore directly affect the fund’s performance and indirectly affect a Client’s portfolio performance or an index benchmark comparison. Covey also anticipates that third-party exchanges will charge Alpaca Crypto transaction-based exchange fees in connection with the

purchase and sale of crypto assets on those exchanges. In the event a crypto asset transaction is effected on such third-party exchange, these transaction-based exchange fees will be automatically charged to Alpaca Crypto by the third-party exchanges from the amount used to pay for the Client's investment in crypto assets. Clients should review all fees charged to fully understand the total amount of fees they will pay.

For additional information about the Firm's brokerage practices, see Item 12 of this Brochure. Neither the Firm nor any of its supervised persons accept compensation for the sale of securities or other investment products.

Item 6: Performance-Based Fees and Side-By-Side Management

Neither the Firm nor any of its supervised persons accept performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a Client.

Item 7: Types of Clients

The Firm generally provides investment advice to individuals, including high-net worth individuals, and trusts. The Firm does not maintain requirements for opening or maintaining an account, such as a minimum account size.

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

Methods of Analysis and Investment Strategies

As set forth above, Covey recommends Ideas developed by Analysts who are third-party content creators through the Mobile App. Once a Client chooses which Analyst(s) ideas they prefer, the Firm's recommendation of Ideas is determined by Covey's proprietary Portfolio Algorithm which recommends Ideas to Clients based on their individual needs and the Clients preferences. In making such recommendations, the Firm supervises the suitability of Ideas for individual Clients, however, Clients are advised that (1) Analysts have significant autonomy in the scope of Ideas which can be published through the Platform and (2) Analysts do not tailor the Ideas to the individual needs of Clients.

The Mobile App provides Clients the ability to execute securities transactions based on the Ideas at their sole discretion, based on the input of the Client.

Any information published by Analysts, including the Ideas, must comply with certain criteria, specifically, content must reflect only impersonal advice, contain disinterested commentary

and analysis, and be offered by general and regular circulation. Clients are advised that Analysts are neither supervised by nor registered in any capacity with Covey. Further, Covey does not require Analysts to be separately registered as investment advisers or investment adviser representatives of investment advisers. Finally, the Ideas that Analysts make available through the Mobile App are not tailored to the individual needs of Clients and Covey will not automatically execute trades recommended based exclusively on the Ideas that Analysts make available through the Mobile App. All securities transactions executed by Covey on behalf of a Client are the result of Covey's application of the Portfolio Algorithm to tailor the Ideas to Clients following the process set forth herein.

Analysts presented to the Client are filtered by Covey through the Algorithm, which determines Covey's recommendation of Analysts to Clients. The selection criteria is based on the quality of ideas (percent of positions that are profitable and total profitable positions divided by total loss making positions) and performance (total return and Sharpe ratio). The scope of available instruments an Analyst can invest in is limited by Covey based on liquidity and size thresholds that meet a typical Client's risk criteria.

In developing the Ideas, it is expected that Analysts will employ a variety of methods of analysis, including (but not limited to) fundamental, technical, quantitative, cyclical and behavioral finance methods of analysis, as well as modern portfolio theory ("MPT").

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. This process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to Clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that those employing the strategy will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that is being recommended. The risks with cyclical analysis are similar to those of technical analysis.

Behavioral finance analysis involves an examination of conventional economics as well as behavioral and cognitive psychological factors. Behavioral finance methodology seeks to combine a qualitative and quantitative approach to provide explanations for why individuals may, at times, make irrational financial decisions. Where conventional financial theories have failed to explain certain patterns, the behavioral finance methodology investigates the underlying reasons and biases that cause some people to behave against their best interests. The risks relating to behavior finance analysis are that it relies on spotting trends in human behavior that may not predict future trends.

MPT is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (e.g., tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nevertheless, investment process should be structured in such a way to integrate those assumptions and real life considerations for which MPT analytics do not account.

Risk of Loss

Investing in securities involves risk of loss that Clients should be prepared to bear. Clients may receive recommendations to purchase and sell the following asset types: public US equities, US ADRs, ETFs, and cryptocurrency. Securities portfolios built using the Firm's services will generally not be fully diversified. As such, securities portfolios constructed based on Firm's services will be subject to general movements in the stock market, and the value fluctuations of each particular issuer's stock. The Firm does not provide comprehensive financial or tax planning or legal advice, and Clients are advised and afforded the opportunity to seek the advice and counsel of the Client's own tax, financial, and legal advisers. The Firm's Services are not a complete investment program and Clients should not use them as the sole component of their investment plan.

Covey does not guarantee the future performance of any Client's account or portfolio implementing transactions based on Ideas developed by Analysts. Clients must understand that investments made based on Covey's services involve substantial risk and are subject to various market, currency, economic, political and business risks, and that those investment decisions and actions will not always be profitable. Clients may lose some or all of the amount invested.

Subject to the Advisers Act, Covey shall have no liability for any losses in a Client's account. The price of any security can decline for a variety of reasons outside of Covey's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates,

regulatory changes, and domestic or foreign political, demographic, or social events. There is no guarantee that Client's use of the services will necessarily reduce the intended results. A Client might not achieve his or her investment objectives.

High volatility and/or the lack of deep and active liquid markets may prevent the sale of a Client's securities at all, or at an advantageous time or price because Clients may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. The Firm cannot guarantee any level of performance or that any Client will avoid a loss of account assets.

When evaluating risk, financial loss may be viewed differently by each Client and may depend on many different risk items, each of which may affect the probability of adverse consequences and the magnitude of any potential losses. The following risks may not be all-inclusive but should be considered carefully by a prospective Client before utilizing the Firm's services. These risks should be considered as possibilities, with additional regard to their actual probability of occurring and the effect on a Client if there is, in fact, an occurrence.

- *Market Risk:* The price of a security, mutual fund, exchange-traded fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. If a Client has a high allocation in a particular asset/class, it may negatively affect overall performance to the extent that the asset/class underperforms relative to other market assets. Conversely, a low allocation to a particular asset class that outperforms other asset/classes in a particular period may cause that Client account to underperform relative to the overall market.
- *Investment Risk:* There is no guarantee that Covey or an Analyst's judgment or investment decisions about particular securities and asset classes will necessarily produce the intended results. Such judgment may prove to be incorrect, and a Client might not achieve his or her investment objectives. In addition, it is possible that Clients, Analysts, or Covey itself may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to Covey's software based financial service.
- *Volatility and Correlation Risk:* Clients should be aware that Analyst's asset selection process may be based in part on a careful evaluation of past price performance and volatility in order to evaluate future probabilities. However, it is possible that different or unrelated asset/classes may exhibit similar price changes in similar directions which may adversely affect a Client and may become more acute in times of market upheaval or high volatility. Past performance is no guarantee of future results, and any historical

returns, expected returns, or probability projections may not reflect actual future performance.

- *Equity-Related Risk:* Investing in individual companies involves investments in common stocks and is subject to the volatility and individual risks associated with those stocks. These price movements may result from factors affecting individual companies, industries, or the securities market as a whole. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. In addition, the equity market tends to move in cycles, which may cause stock prices to fall over short or extended periods of time.
- *Concentration of Investments:* Client portfolios implemented based on the Firm's advice may hold a relatively small number of security positions, which will expose the portfolio to the particular industry or market sector the security represents and the value of the specific company. Losses in one or more positions, or a downturn in an industry or market sector in which the company participates, could adversely affect the portfolio's performance in a particular period. Such limited diversification may heighten the concentration of risk, which, in turn, could expose the Client to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements with respect to investments.
- *ETF Risks, including Net Asset Valuations and Tracking Error:* ETF performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because 1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and 3) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depository Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations or valuation may be limited or inaccurate. ETFs typically include embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Expenses of the fund may include investment adviser management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer. ETF tracking error and expenses may vary. Shareholders are also liable for taxes on any fund-level capital gains, as ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

- *Crypto Asset Risk:* Among other risks associated with crypto assets, the prices of crypto assets can be and have been extremely volatile, and crypto asset exchanges have been closed due to fraud, failure, or security breaches. Crypto assets are created, issued, transmitted, and stored according to protocols run by computers in crypto asset networks. It is possible that these protocols have undiscovered flaws which could result in the loss of some or all crypto assets held by the Client. There may also be network attacks against these protocols which may result in the loss of some or all crypto assets held by the Client. Some crypto assets held by the Client may be created, issued, or transmitted using experimental cryptography which could have underlying flaws. Advancements in quantum computing could break the cryptographic rules of protocols which support the crypto assets offered by Covey via Alpaca Crypto. Covey makes no guarantees about the reliability of the cryptography used to create, issue, or transmit the crypto assets held by the Client.
 - *Crypto assets do not have stable values.* Crypto assets represent a speculative investment and involve a high degree of risk. As relatively new products and technologies, crypto assets have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of the demand for crypto assets is generated by speculators and investors seeking to profit from the short- or long-term holding of crypto assets. The relative lack of acceptance of crypto assets in the retail and commercial marketplace limits the ability of end clients to pay for goods and services with crypto assets. A lack of expansion by crypto assets into retail and commercial markets, or a contraction of such use, may result in increased volatility.

Prices of the crypto assets have fluctuated widely for a variety of reasons and may continue to experience significant price fluctuations. Several factors may affect the price of the crypto assets, including, without limitation: (i) total crypto assets in existence; (ii) global crypto asset supply and demand; (iii) Clients' expectations with respect to the rate of inflation of fiat currencies; (iv) currency- and crypto asset-exchange rates; (v) interest rates; (vi) fiat currency withdrawal and deposit policies of the crypto asset exchanges; (vii) trade volume and liquidity on crypto asset exchanges; (viii) interruptions, suspensions, or terminations of major crypto asset exchanges; (ix) cyber theft of crypto assets from online crypto asset wallet providers, or news of such theft from such providers, or theft from individual crypto asset wallets; (x) investment and trading activities of hedge funds and other large crypto asset investors; (xi) sovereign monetary policies, trade restrictions, and inflation controls; (xii) regulatory measures that affect the usability of crypto assets as a form of legal tender and/or otherwise restrict or facilitate crypto asset purchases, sales, or holdings; (xiii) availability and popularity of businesses that provide crypto

asset-related services; (xiv) development and maintenance of open-source software protocols for crypto asset networks, applications or platforms; (xv) increased competition from other payment services; and (xvi) domestic and foreign political, economic, and financial events and/or uncertainty.

If crypto asset markets continue to be subject to high volatility, Clients may experience losses based on their investments. Even if Clients are able to hold their crypto assets for long, potentially indefinite periods, their crypto assets may never generate a profit. Additionally, Clients should be aware that there is no assurance that the crypto assets will maintain their long-term value in terms of future purchasing power.

- *Prior performance of a crypto asset is not necessarily indicative of future results.* Many crypto assets have experienced high levels of performance and rapid increases in price, followed by significant downturns in performance and similarly rapid decreases in price.
- *Crypto assets may not have long-term viability.* Crypto assets are a new and relatively untested product. There is considerable uncertainty about their long-term viability, which could be affected by a variety of factors, including many market-based factors such as economic growth, inflation, and others. In addition, the success of crypto assets will depend on the long-term utility and economic viability of blockchain and other new technologies related to crypto assets. Due in part to these uncertainties, the price of crypto assets are volatile and may be hard to sell. Covey does not control any of these factors, and therefore may not be able to control the ability of any crypto asset to maintain its value over time.
- *It is not guaranteed that Alpaca Crypto will be able to purchase and sell crypto assets on a Client's behalf.* The crypto asset market presents significant risks that could negatively impact Alpaca Crypto's ability to purchase and sell crypto assets on a Client's behalf (for example, the crypto asset market frequently involves shallow trade volume, extreme hoarding, low liquidity, and high bankruptcy risk). Blocks of crypto assets are often hoarded by a few owners and/or are kept out of circulation. Ownership concentration is high, which increases liquidity risk because large blocks of crypto assets are difficult to sell in a timely and efficient manner. Further, exchanges may not treat all customers equally. The daily trade volume of crypto assets may also only be a small fraction of total crypto assets mined. The lack of a robust and regulated derivatives market for crypto assets means that market participants do not have as many mechanisms to hedge or create the liquidity in the crypto asset market that is typical of traditional capital markets. The crypto asset market also currently lacks many institutional participants, which could help to stabilize the

market. For these reasons, among others, Alpaca Crypto may be unable to purchase or sell a crypto asset on a Client's behalf for an extended period of time.

In addition, the crypto asset exchanges and other trading venues on which the crypto assets trade are relatively new and, in most cases, largely unregulated. They may therefore (i) be more exposed to fraud and failure than regulated exchanges for securities, derivatives, and fiat currencies and (ii) become subject to rules and regulations that prohibit the trading venue from listing the crypto assets held by a Client in the future. Much of the daily trading volume of crypto assets is conducted on poorly capitalized, unregulated, unaudited, and unaccountable exchanges located outside of the U.S. that often do not have, or have limited, listing requirements. Such exchanges may engage in unethical practices that could adversely impact crypto asset pricing, such as front-running, wash trading, and trading with insufficient funds. To the extent that the crypto asset exchanges or other crypto asset trading venues are involved in fraud or experience security failures or other operational issues, this could result in a reduction in crypto asset market prices and adversely affect a Client's investment in crypto assets.

Even the largest exchanges have been subject to operational interruption (e.g., thefts of crypto assets from operational or "hot" wallets, suspension of trading on exchanges due to denial of service attacks by hackers, malware, bankruptcy proceedings, and cessation of services by exchanges). Such disruptions have limited the liquidity of crypto assets on the affected crypto asset exchange, and have resulted in higher volatility and a reduction in confidence in the broader crypto asset market. The price of crypto assets on exchanges may also be impacted by policies, regulations, or interruptions of the ability to transfer fiat currency into or out of larger crypto asset exchanges.

- *The value of crypto assets is uncertain and may not match the price a Client pays.* Crypto assets derive their value from a variety of factors, including demand for the crypto asset associated with its utility or functionality. Additionally, value is affected by demand for the crypto asset from speculators. If too many speculators invest in crypto assets the value of the crypto assets may not correspond to the price at which the crypto assets are exchanged. The value of crypto assets may in particular be subject to momentum pricing and therefore, an inaccurate valuation. Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. The price of a crypto asset is determined primarily using data from various currency exchanges, over-the-counter markets, and derivative platforms. Momentum pricing of crypto assets has resulted, and may continue to result, in speculation

regarding future appreciation in the value of the crypto assets, inflating and making more volatile the price of such crypto assets. The crypto assets that lead the market may be subject to even more speculation.

In addition, the value of the crypto assets on trading venues that are largely unregulated may be inaccurate and the rules or regulations that apply to such trading venues are subject to change, which may result in the listing of the crypto assets held by a Client to be removed from certain trading venues, further obscuring the valuation of such crypto assets.

- *Innovations in the crypto asset industry may cause the crypto assets purchased by Alpaca Crypto on behalf of a Client to lose value.* The development and acceptance of the cryptographic and algorithmic protocols governing the issuance of and transactions in crypto assets is subject to a variety of factors that are difficult to evaluate and predict. The use of crypto assets to, among other things, buy and sell goods and services is part of a new and rapidly evolving commercial practice that employs digital assets based on a computer-generated mathematical and/or cryptographic protocol. The growth of this commercial practice in general, and the use of crypto assets in particular, is subject to a high degree of uncertainty. Factors affecting further development of the crypto asset industry include, among other things, the continued worldwide adoption of crypto assets; governmental and quasi-governmental regulation of crypto assets and/or crypto asset exchanges; changing consumer demographics, tastes and preferences; sustained development and maintenance of open-source software protocols; the popularity and availability of alternative and/or new payment services; and general economic conditions. If these factors negatively affect or impede the development of the crypto asset industry, the value of a Client's investment in crypto assets on the Mobile App may also be negatively affected.

Crypto assets may be negatively affected by technological advances that undermine the cryptographic consensus mechanism underpinning blockchain and distributed ledger protocols. Advances in cryptography or technical advances such as the development of quantum computing could present risks to the viability of crypto assets by undermining or vitiating the cryptographic consensus mechanism that underpins blockchain and distributed ledger protocols. Similarly, legislators could prohibit the use of current and/or future cryptographic protocols.

- *Crypto assets may rely on third-party blockchains.* Certain crypto assets may rely on or are built on a public or third-party blockchain and the success of such blockchain may have a direct impact on the success of crypto assets offered via the Mobile App. These crypto assets are partly dependent on the effectiveness

and success of such blockchains, as well as the success of other blockchain and decentralized data storage systems that are being used by the issuer of the crypto assets. There is no guarantee that any of these systems or their sponsors will continue to exist or be successful. This could lead to disruptions of the operations of the issuer of crypto assets offered via the Mobile App and could negatively affect any crypto assets held by a Client from such issuer.

- *Geopolitical events may affect the value of crypto assets.* The impact of geopolitical events on the supply and demand for crypto assets is uncertain. As an alternative to fiat currencies that are backed by central governments, digital assets such as crypto assets, which are relatively new, are subject to supply and demand forces based in part upon the desirability of an alternative, decentralized means of buying and selling goods and services. It is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of crypto assets globally and/or locally. Large-scale sales of crypto assets are likely to result in a reduction in the value of crypto assets offered via the Mobile App and may adversely affect a Client's investment in crypto assets via the Mobile App.
- *Crypto assets do not have insurance protections.* Any crypto assets held in Client accounts are not subject to any protections provided by the U.S. Federal Deposit Insurance Corporation (the "FDIC") or the U.S. Securities Investor Protection Corporation. This means that crypto assets will not be insured by the FDIC's Deposit Insurance Fund. In addition, crypto assets are not subject to any protections provided by any private insurance company, and it is unclear if and when crypto assets in Client accounts will be covered by any insurance protections.
- *The exchanges used to execute transactions in crypto assets are not always accurate.* The execution of transactions in crypto assets on exchanges chosen by Alpaca Crypto may, from time to time, result in certain trade errors. These trade errors may occur any time an exchange is used to purchase crypto assets on behalf of Clients.
- *Regulatory changes may affect the value of crypto assets.* Regulation of crypto assets in the U.S. and in foreign jurisdictions is in its early stages of development and is subject to unpredictable changes which may have an adverse impact on the crypto assets offered via the Mobile App. The regulatory status of crypto assets remains unclear or unsettled in many jurisdictions. Legislative and regulatory changes or actions at the local, state, federal, foreign, or international level may adversely affect the use, transfer, exchange, and value of crypto assets. These legislative and regulatory changes or actions are

difficult to predict and may adversely impact the crypto assets offered via the Mobile App.

As crypto assets have grown in popularity and market size, U.S. legislators and regulators have begun to develop laws and regulations and have, at times, released interpretive guidance governing the crypto asset industry. Both legislators and regulators have expressed concerns that crypto assets can be used by criminals to evade taxes and launder money. To the extent that future actions by legislators and/or regulators impose restrictions or limitations on the crypto asset market, the demand for crypto assets is likely to be reduced. In addition, such actions may limit the ability of Clients to convert crypto assets into fiat currency or use crypto assets to pay for goods and services, which, in each case, is likely to result in a reduction of demand and, in turn, a decline in the value of crypto assets.

Additional or changing regulations could also limit the use of crypto assets on various crypto asset platforms. Such reductions in use could decrease or remove the value of the functionality achieved on those platforms and cause a substantial decrease in the value of the crypto assets.

Various foreign jurisdictions may adopt laws, regulations, or directives that address the crypto asset market and participants in such market. Any such laws, regulations, or directives may (i) conflict with those of the U.S., (ii) negatively impact the acceptance of crypto assets inside and outside the U.S., (iii) impede the growth or sustainability of the crypto asset market in foreign jurisdictions, and/or (iv) otherwise negatively affect the value of crypto assets. These laws, regulations or directives, if any, are impossible to predict, but any such change could be substantial and adverse to the value of investments made by Clients in crypto assets.

Regulation of crypto assets in the U.S. varies by state, and the regulations of certain states may limit the ability of Alpaca Crypto to operate within those states. Certain states require persons to obtain a license to conduct a crypto asset business. Accordingly, Alpaca Crypto does not intend to operate in states that require such licensing. If an individual is a resident of a state that requires such licensing, that individual will not be permitted to be a Client of Alpaca Crypto or invest in crypto assets. Currently, only the State of New York has this type of requirement, but other states may adopt similar requirements. If Alpaca Crypto were deemed to be conducting an unlicensed crypto asset business, it would be subject to significant additional regulation and/or regulatory consequences. This could lead to significant changes with respect to Clients investments in crypto assets.

Additionally, the different regulations by state could affect the transferability of crypto assets. To the extent that state regulations differ, certain crypto assets may only be tradable in specific states. This could decrease the demand for and market for crypto assets.

- *Clients should not count on any protection or guarantees from federal or state securities laws with respect to crypto assets.* Many crypto assets, including crypto assets offered via the Mobile App, are not registered with or qualified by the SEC. Although Covey is registered under the Advisers Act and Clients are provided certain protections from fraud under applicable securities laws, Clients will generally not otherwise be afforded the full set of protections provided under the Securities Act of 1933 (the "Securities Act"), Securities Exchange Act of 1934, other federal securities laws or comparable state law with respect to any crypto assets held in Client accounts. Thus, Clients should not expect any protection under the Securities Act. Further, if a regulator were to find that a crypto asset should have been registered under the Securities Act or state law, it could disrupt the market in that crypto asset. If regulators were to take action related to a crypto asset that a Client has invested in, it could decrease the value of the crypto asset or lead to a determination that the transaction in the crypto asset is void.

Alpaca Crypto trades crypto assets on various crypto exchanges, which also custody such crypto assets. Further, all Client crypto asset transactions are facilitated by Alpaca Crypto, an entity that is not currently regulated by the SEC or subject to other comparable federal or state securities laws. Technological, operational, or other failures, system outages, or errors suffered by Alpaca Crypto could result in loss of Client crypto assets. In addition, Alpaca Crypto is located in a jurisdiction which may adopt laws, regulations, or directives that address the crypto asset market and participants in such market and which may negatively affect the value of crypto assets.

- *It is not clear how crypto asset investments and any returns thereon will be taxed.* The tax characterization of crypto assets is uncertain. The purchase of crypto assets may result in adverse tax consequences to a Client, including withholding taxes, income taxes, and tax reporting requirements. Clients are encouraged to review IRS Notice 2014-21 (the "Notice") that sets forth published guidance from the U.S. Internal Revenue Service released in 2014 concerning the consequences of transacting in crypto asset. If a crypto asset is characterized as a "virtual currency" for income purposes, then, under the Notice, the general rules applicable to property transactions would apply.

Potential Clients are strongly encouraged to seek independent legal and tax advice regarding their individual circumstances and objectives in determining the percentage of assets to invest in crypto assets via the Mobile App.

- *Exchanges used to purchase and sell crypto assets registered with the SEC do not exist.* There are currently no U.S. exchanges registered with the SEC where crypto assets can be legally listed and/or traded. Covey anticipates that such exchanges will exist in the U.S. in the future, Covey cannot and does not guarantee that such exchanges will ever legally operate in the U.S. In addition, even if other types of crypto assets are able to successfully be listed on a registered exchange in the U.S., there is no guarantee that such exchange will allow the crypto assets to be listed on such a registered exchange. Thus, exchanges used by Alpaca Crypto may not be registered with the SEC and/or in compliance with applicable securities laws, rules and regulations, and any regulatory action relating to the unregistered status or non-compliance of the exchanges used by Alpaca Crypto could adversely affect Covey's business.
- *A stolen or incorrectly transferred digital asset is generally not retrievable.* Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of crypto assets or a theft of crypto assets generally will not be reversible. If a party is able to hack the Alpaca Crypto accounts and initiate a transaction, Clients may not be capable of receiving compensation for any such transfer or theft. If there is an error and a transaction occurs with the wrong account, to the extent that Alpaca Crypto is unable to seek a corrective transaction with such third party or is incapable of identifying the third party which has received the crypto assets through error or theft, Alpaca Crypto will be unable to revert or otherwise recover incorrectly transferred crypto assets. To the extent that Alpaca Crypto is unable to seek redress for such error or theft, such loss could adversely affect a Client's investment.
- *Alpaca Crypto may not always provide services to Covey.* It is possible that Alpaca Crypto will no longer provide services to Covey, which would lead to significant disruption to operations. To the extent that Alpaca Crypto is unable to perform its duties and/or that Alpaca Crypto terminates its services for Covey, Covey may have difficulty finding a replacement, as there are few money services businesses willing to purchase and sell crypto assets for Clients of investment advisers that advise on assets such as crypto assets. If Covey is not able to find a new money transmitter, this could affect the viability of the crypto asset offering on the Mobile App, force Covey out of the crypto asset business, and negatively impact Clients' ability to access their assets held with Covey.

- *Fundamental Investment Strategy Risks:* Analyst's recommendations may be based on fundamental research. The research process incorporates various operating and financial factors aimed at exploiting market trends, anomalies and pricing discrepancies with a view to selecting investments in pursuit of the portfolio's investment objectives. The process of designing and perfecting the research, portfolio construction, and management model is highly complex. Analysts cannot guarantee that the model will indeed function as intended or that it will produce profits on investments as implemented. The fundamental and quantitative strategies utilized by Analysts have inherent limitations, including the possibility of human error in the design, data input or implementation process, imperfections of a model to keep up with changes in the markets and the behavior of market participants over time. The risk of errors, malfunctions and anomalies is inherent in each component of the programming process, how those components function together, and how the program absorbs market data interpreted by Analysts. In addition, any portfolio manager judgment during the approval or override of model results is based on human skills and abilities similar to non-quantitative investing, with all the risks, potential errors or miscalculations that any asset or portfolio manager faces.
- *Liquidity and Valuation Risk:* High volatility and/or the lack of deep and active liquid markets for a security may prevent the sale of a Client's securities at all, or at an advantageous time or price because the Client may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. Some securities (including ETFs) that hold or trade financial instruments may be adversely affected by liquidity issues as they manage their portfolios. Clients and Analysts may from time to time receive or use inaccurate data, which could adversely affect security valuations, and transaction size for purchases or sales.
- *Credit Risk:* Clients are exposed to the risk that financial intermediaries or issuers may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy or insolvency, any of which may affect portfolio values or management. This risk applies to assets on deposit with any broker utilized by a Client, notwithstanding asset segregation and insurance requirements that are beneficial to Clients generally. In addition, exchange trading venues or trade settlement and clearing intermediaries could experience adverse events that may temporarily or permanently limit trading or adversely affect the value of securities held by Clients. Finally, any issuer of securities may experience a credit event that could impair or erase the value of the issuer's securities held by a Client.
- *Legislative and Tax Risk:* Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government

securities and changes in the tax code that could affect interest income, income characterization, and/or tax reporting obligations.

- *Inflation, Currency, and Interest Rate Risks:* Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. The liquidity and trading value of foreign currencies could be affected by global economic factors, such as inflation, interest rate levels, and trade balances among countries, as well as the actions of sovereign governments and central banks. In addition, the relative value of the U.S. dollar-denominated assets managed by Clients may be affected by the risk that currency devaluations affect their purchasing power.
- *Automated Investing:* Covey relies on static questionnaires consisting of a limited number of questions that form the sole basis for its recommendations of Analysts and/or Ideas to Clients. Such questionnaires are very limited in nature. The questions may not, or may not accurately, capture an individual Client's needs. Although Clients may change and update their responses, Covey does not, at this time, make investment advisory personnel available to Clients to highlight and explain important concepts or clarify the details of a specific Client's financial goals and needs. Online and electronic interactions are limited compared to face-to-face individual advice.
- *Operational Risk:* Operational risk is the exposure to the chance of loss arising from shortcomings or failures in internal processes or systems of Covey, Alpaca Securities, or Alpaca Crypto external events impacting those systems, and human error. A Client account may suffer a loss arising from shortcomings or failures in internal processes, people or systems, or from external events. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures.

Trade errors and other operational mistakes ("Operating Events") occasionally may occur in connection with Covey's services with respect to Client accounts. Covey has policies and procedures that address identification and correction of Operating Events. An Operating Event generally is compensable by Covey to a Client when it is a mistake (whether an action or inaction) in which Covey has, in Covey's reasonable view, deviated from the applicable standard of care in advising a Client account, subject to the considerations set forth below.

Operating Events may include, but are not limited to, the following: (i) the placement of orders (either purchases or sales) in excess of the amount intended to trade for a Client account; (ii) the purchase (or sale) of when it should have been sold (or

purchased); (iii) a purchase or sale not intended for the Client account; and (iv) incorrect allocations of trades. Operating Events can also occur in connection with other activities that are undertaken by Covey, such as fee calculations, and other matters that are non-advisory in nature.

Covey makes its determinations regarding Operating Events pursuant to its policies on a case-by-case basis, in its discretion, based on factors it considers reasonable, including regulatory requirements, contractual obligations, and business practices. Not all Operating Events will be considered compensable mistakes.

Relevant factors Covey considers when evaluating whether an Operating Event is compensable include, among others, the nature of the service being provided at the time of the event, specific applicable contractual and legal requirements and standards of care, whether an applicable investment guideline was contravened, and the nature of the relevant circumstances.

Operating Events may result in gains or losses or could have no financial impact. Clients are entitled to retain any gain resulting from an Operating Event. Operating Events involving erroneous transactions in Client accounts generally are corrected in accordance with the procedures established by Covey Alpaca Securities, and/or Alpaca Crypto.

When Covey determines that reimbursement by Covey is appropriate, the Client will be compensated as determined in good faith by Covey. Covey will determine the amount to be reimbursed, if any, based on what it considers reasonable guidelines regarding these matters in light of all of the facts and circumstances related to the Operating Event. In general, compensation is expected to be limited to direct and actual losses, which may be calculated relative to comparable conforming investments, market factors and benchmarks and with reference to related transactions, and/or other factors Covey considers relevant. Compensation generally will not include any amounts or measures that Covey determines are speculative or uncertain.

- *Cybersecurity Risks:* Covey and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber-attacks may cause losses to Covey's Clients by interfering with the processing of transactions, affecting Covey's ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of

the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose Covey to civil liability as well as regulatory inquiry and/or action. In addition, Clients could be exposed to additional losses as a result of unauthorized use of their personal information. While we have established business continuity plans, incident responses plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cybersecurity risks also are present for issuers of securities in which we invest, which could result in material adverse consequences for such issuers and may cause a Client's investment in such securities to lose value.

- *Reliance on Management and Other Third Parties:* ETF investments will rely on third-party management and advisers. Covey will not have an active role in the day-to-day management of fund investments. Carried interest and other incentive distributions to fund management may create an incentive towards more speculative investments than would otherwise have been made.
- *Market Volatility:* General economic conditions have an impact on the success of Covey's investment strategies. Changing external economic conditions in the U.S. and global economics could have a significant impact on the success of the Mobile App and Clients' investments. The stability and sustainability of growth in global economies may be impacted by terrorism or acts of war. There can be no assurance that such markets and economic systems will be available for issuers of securities available via the Mobile App to operate. Changing economic conditions, thus, could potentially adversely impact the valuation of Clients' investments in securities via the Mobile App.
- *Large Investment Risks:* Clients may collectively account for a large portion of the assets in certain investments. A decision by many investors to buy or sell some or all of a particular investment where Clients hold a significant portion of that investment may negatively impact the value of that the investment.
- *Novel Coronavirus Pandemic, Public Health Emergency and Global Economic Impacts:* As of the date of this Form ADV Part 2A, there is an ongoing outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization declared a pandemic on March 11, 2020. The outbreak of COVID-19 has caused a worldwide public health emergency with a substantial number of hospitalizations and deaths, and has significantly adversely impacted global commercial activity and contributed to both volatility and material declines in equity and debt markets. The global impact of the outbreak is rapidly evolving, and many country, state and local governments have reacted by instituting mandatory or voluntary quarantines, travel prohibitions and restrictions, closure or reduction of offices, businesses, schools, retail stores and other public venues and/or cancellation,

suspension or postponement of certain events and activities, including certain non-essential government and regulatory activity. Businesses are also implementing their own precautionary measures, such as voluntary closures, temporary or permanent reductions in work force, remote working arrangements and emergency contingency plans. Such measures, as well as the general uncertainty surrounding the dangers, duration and impact of COVID-19, are creating significant disruption in supply chains and economic activity, impacting consumer confidence and contributing to significant market losses, including having particularly adverse impacts on transportation, hospitality, tourism, sports, entertainment and other industries dependent upon physical presence. As COVID-19 continues to spread, potential additional adverse impacts, including a global, regional or other economic recession of indeterminate duration, are increasingly likely and difficult to assess.

The extent of the impact of COVID-19 on Covey's and/or a Client's operational and financial performance and each Client's investments will depend on many factors, including the duration and scope of the resulting public health emergency, the extent of any related restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of the COVID-19 pandemic may materially and adversely impact the value, performance and liquidity of a Client's investments, Covey's ability to source, manage and divest investments and Covey's ability to achieve its investment objectives on behalf of its Clients, all of which could result in significant losses to a Client.

In addition, COVID-19 and the resulting changes to global businesses and economies likely will adversely impact the business and operations of Clients, Covey, and their respective affiliates, including Analysts. Certain businesses and activities may be temporarily or permanently halted as a result of government or other quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors, including the potential adverse impact of COVID-19 on the health of key personnel.

- *Other Catastrophic Risks:* In addition to the potential risks associated with COVID-19 as outlined above, Clients, Covey, and their respective affiliates, including Analysts, may be subject to the risk of loss arising from direct or indirect exposure to a number of types of other catastrophic events, including without limitation (i) other public health crises, including any outbreak of SARS, H1N1/09 influenza, avian influenza, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof; or (ii) other major events or disruptions, such as hurricanes, earthquakes, tornadoes, fires, flooding and other natural disasters; acts of war or terrorism, including cyberterrorism; or major or prolonged power outages or network interruptions. The

extent of the impact of any such catastrophe or other emergency on Covey's and/or a Client's operational and financial performance and each Client's investments will depend on many factors, including the duration and scope of such emergency, the extent of any related travel advisories and restrictions, the impact on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. In particular, to the extent that any such event occurs and has a material effect on global financial markets or specific markets in which a Client participates (or has a material effect on any locations in which Covey operates or on any of its personnel) the risks of loss could be substantial and could have a material adverse effect on Clients or the ability of Covey to fulfill its investment objectives on behalf of its Clients.

- *Limitations of Disclosure:* The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved in investing in investments. As investment strategies develop and change over time, Clients may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a Client or prospective Client's evaluation of the Firm's advisory business or the integrity of the Firm's management requiring disclosure in response to this Item.

Item 10: Other Financial Industry Activities and Affiliations

Neither the Firm nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither the Firm nor any of its persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Neither the Firm nor any of its management persons have any relationship or arrangement that is material to the Firm's advisory business or to its Clients with any related person listed below.

- broker-dealer, municipal securities dealer, or government securities dealer or broker;
- investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund);
- other investment adviser or financial planner;
- futures commission merchant, commodity pool operator, or commodity trading advisor;
- banking or thrift institution;
- accountant or accounting firm;
- lawyer or law firm;
- insurance company or agency;
- pension consultant;
- real estate broker or dealer; and
- sponsor or syndicator of limited partnerships.

The Firm does not recommend or select other investment advisers for Clients.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Covey has adopted a Code of Ethics ("Code") as required by the applicable securities laws. The Code establishes and reinforces a standard of business conduct expected of its supervised persons and provides specific guidance related to managing conflicts of interests and Covey's fiduciary duty to its Clients. This includes procedures relating to: (1) the confidentiality of Client information; (2) a prohibition on insider trading; (3) a prohibition of rumor mongering; (4) restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items; (5) personal securities trading procedures; and (6) reporting of internal violations of the Code, among other things. All supervised persons at Covey must acknowledge the terms of the Code annually, or as amended. Covey will provide a copy of its Code to Clients and prospective Clients upon request. To request a copy of the Code, please contact Covey at info@covey.io.

Item 12: Brokerage Practices

With respect to securities transactions, Alpaca Securities establishes and carries Client accounts that hold Client securities and cash for trading through the Mobile Application and records Client trades.

Orders placed by Clients through the Mobile App are expected to be placed with Alpaca Securities and effected by Covey manually and/or through electronic trading systems maintained Alpaca Securities, which will then be execute such transactions.

Covey seeks to use a custodian/clearing broker that will hold Client assets on terms that are most advantageous when compared with other available providers and their services. Covey considers a wide range of factors, including the ability to clear and settle trades, capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.), availability of investment research and tools that assist us in making investment decisions, quality of services, competitiveness of the price of those services, reputation, financial strength, and stability of the provider.

Item 13: Review of Accounts

The Firm reviews its recommendations of Ideas to Clients at initiation and annually. The Firm also reviews its recommendations whenever Clients update their portfolio settings through the Mobile App. These reviews are conducted by the Firm's Chief Compliance Officer. The Firm provides information regarding Clients' current holdings via the Mobile App.

Item 14: Client Referrals and Other Compensation

Covey does not receive any economic benefit from third-parties for providing investment advice or other advisory services to Clients.

Neither the Firm nor any related person of the Firm directly or indirectly compensate any person who is not the Firm's supervised person for referrals.

Item 15: Custody

The Firm does not have custody of Clients' funds or securities. Clients will receive account statements from the broker-dealer, bank or other qualified custodian. Clients should carefully review those statements. Clients to compare the account statements they receive from the qualified custodian information about their holdings and transactions that they receive from the Firm.

Item 16: Investment Discretion

Covey accepts discretionary authority to manage securities accounts on behalf of Clients. Discretionary trading authority permits the Firm to effect transactions to buy or sell securities without the prior consent of the Client. For the avoidance of doubt, the Mobile App does not automatically execute any securities transactions on a Client's behalf based exclusively on the ideas generated by Analysts – All securities transactions executed by Covey on behalf of a Client are the result of Covey's application of the Algorithm to tailor the Ideas to Clients following the process set forth herein.

Item 17: Voting Client Securities

The Firm does not have authority to vote Clients' securities. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from the Firm. The Firm does not advise Clients on how to respond to questions about a particular solicitation.

Item 18: Financial Information

The Firm does not have discretionary authority or custody of Clients' funds or securities or require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance. The Firm has not been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.