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## **Form ADV Part 2A- Advisory Fee Brochure** **March 2022**

This brochure provides information about the qualifications and business practices of Composer Technologies Inc., a Canadian company (the “**Investment Adviser**” or “**Composer**”). If you have any questions please contact us via email at [support@InvestComposer.com](mailto:support@InvestComposer.com). 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 Composer Technologies Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 Material Changes**

There are no material changes to note.

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#### Item 4 Advisory Business

The Investment Adviser was formed as an entity on April 21, 2020. Additional information about the Investment Adviser will be available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) upon the successful registration of the Investment Advisor.

The Investment Adviser is being registered as a registered investment adviser which offers advisory services to its clients (each a "**Client**," and collectively, "**Clients**") through an online web-based mobile application.

The Investment Adviser is a privately held company headquartered in Toronto, Ontario, Canada. Information about the Investment Adviser's organizational and ownership structure is provided on Part 1 of the Investment Adviser's Form ADV, which will be available online at <http://www.adviserinfo.sec.gov>.

The Investment Adviser provides limited web-based discretionary advisory services based on a SaaS model and charges a single monthly fee to its clients which is not based on the value of assets under management (the "**Platform**"). The Investment Adviser does not provide brokerage services directly, but rather connects its Clients to online brokerage firms where the Clients can invest their funds.

The Platform offers an easy way for individual investors to obtain advice on how to create custom automated investing strategies and invest small and large amounts of money. The Platform is provided to individual investors via the Investment Adviser's proprietary application, which will be available at <https://InvestComposer.com>.

The Investment Adviser's advice is powered by the insights it makes when Clients input various data points that help tailor both "off the shelf" model portfolios provided on the Invest Composer website, or more bespoke data driven strategies based on different performance metrics and asset attributes. Such data points, which are largely driven by the Client, allow the Investment Advisor to provide investment advice tailored to each specific Client's concerns (which may include investment horizon, investment risk preference, fundamental and technical indicators, and sector weighting, for example).

Currently, the Investment Adviser's Platform is powered by its own quantitative strategies together with inputs from each Client to help tailor Model Portfolio's (as defined below) and other bespoke strategies at the Client's direction. A myriad of components, including company fundamental and technical analysis, as well as traditional news, alternative data, macro events, human behavior, sentiment, social attitudes and data technology goes into the Investment Adviser's investment decision making. Invest Composer has developed a suite of software tools that effectively corroborate and calibrate the plethora of publicly available data that impacts companies, brands, and sectors across the globe.

The Investment Adviser selects equity and fixed-income exchange traded funds ("**ETFs**") as well as equity securities of companies to build model portfolios, which on the Invest Composer website are called Symphonies ("**Symphonies**"). The Symphonies act as Model Portfolios (the "**Model Portfolios**"). Clients may choose to manually select one of the target asset allocations other than the one recommended or currently in effect. While Invest Composer recommends a Model

Portfolio, it also gives the Client the freedom to manually choose a different Model Portfolio and disregard the pre-set advice of Invest Composer. Clients may also choose to manually add or replace equities, ETFs or equity securities into the Model Portfolio strategy and allocation at their own behest. Based on a Client's inputs, Invest Composer recommends a volatility threshold for the Client's portfolio (each Client portfolio, an "**Investment Account**"). Clients are also given the ability to stray from the advice of the Invest Composer algorithm and manually increase or decrease the volatility of their Investment Account. Clients are able to backtest their Model Portfolio's in order to compare them to a benchmark or another Model Portfolio, and to see how a particular Model Portfolio hypothetically performs under real-world conditions. The Client is able to change and edit these Model Portfolio's at any time.

The Investment Adviser's algorithm is designed to keep the holdings within each Client's Investment Account within a specified range of the target asset allocation, even when the market prices of the securities in the Client's Investment Account fluctuates. Clients authorize the Investment Adviser to automatically rebalance their Investment Account holdings, maintain a minimum cash balance and re-invest dividends. If a Client chooses, they are also given the ability to manually select the frequency of rebalancing manually, in which case they are given the option to rebalance either daily, weekly, monthly or annually. When a Client earns money or makes a deposit, the Investment Adviser purchases a combination of ETFs and other securities, as appropriate, to align the Client's Investment Account along with the target asset allocation for the selected Model Portfolios. Clients may liquidate securities in their Investment Account through the Platform and initiate cash withdrawals through the Custodian (as defined below). The rebalancing strategy is based on risk parity portfolio strategy and trades based on the Client's desired trailing volatility of the market. If the holdings of the Investment Account significantly deviate from the existing or newly selected target asset allocation, the Investment Adviser will initiate a rebalancing to bring the holdings within an acceptable range of the target asset allocation.

The rebalancing process is not limited to the number or frequency of rebalances and is driven by the composition of the Investment Adviser's decisions on the composition and holdings in their selected Model Portfolio. As a result, there is a possibility that the Investment Adviser may sell overrepresented ETFs and use the proceeds to buy underrepresented ETFs to bring portfolios towards its target allocation without taking into account individual tax consequences or market circumstances. The Investment Adviser will not engage in tax loss harvesting trades in order to optimize the tax consequences of holding, or disposing of, certain holdings.

The Investment Adviser only provides investment advice through the Platform and only with respect to these types of investments.

The Investment Adviser does not provide Clients with financial planning and its investment advice and the Investment Adviser's services are limited to providing the Model Portfolios and the ability to add certain equities, ETFs and other equity securities to the Model Portfolios which are suggested by the Investment Adviser.

The investments in each Client's Investment Account are held in a separate account in the name of the Client at an independent custodian, and not with the Investment Adviser. All Investment Accounts managed through the Platform are required to use the custodian selected by the Investment Adviser as the independent custodian (the "**Custodian**"). The ETF or single stock

shares purchased or sold on behalf of a Client and/or held in Client Investment Accounts may be either whole shares or fractional shares, depending upon how much a Client invests in the particular security. The Investment Adviser enables dollar-based investing, whereby a Client can buy a fixed dollar amount rather than whole shares. Thereafter, the Investment Adviser allocates the fractional shares to the individual Client's Investment Account. Fractional shares, however, are typically not transferable outside of a Client's Investment Account because the financial system in the United States currently is structured only to accommodate transfers of full shares. As a result, fractional shares may not be marketable or transferrable to another brokerage account.

In the event of a liquidation or transfer of the assets in a Client's Investment Account to another account at another institution, the Investment Adviser may convert such fractional shares to cash.

Clients will receive the Investment Adviser's Investment Advisory Agreement, which further details the services Clients will receive, fees charged to Clients, and the conditions of the Investment Adviser-Client relationship. Importantly, the Investment Adviser does not provide overall financial planning services, nor does it provide tax advice.

.Additional information about the Investment Adviser's products and services is provided in the Investment Adviser's Form ADV Part 1 available at <http://www.adviserinfo.sec.gov>. Please review the Platform for additional information.

## **Item 5 Fees and Compensation**

### **Management Fees**

The Platform gives Clients the opportunity to test Model Portfolios on a trial-basis at no cost without the payment of any funds or making any real investments (the "**Test Client**"). Test Clients are afforded the opportunity to sample the Model Portfolios on a trial basis and test how such Test Client would have performed if such Client had actually invested real funds into the Model Portfolios. Thereafter, if the Test Client chooses to become a Client by using actual funds to invest in the Model Portfolios, the Platform charges a fixed monthly "subscription" fee for investment advisory services which will be \$30 per month (the "**Subscription Fee**"). The Subscription Fee is not based upon transactions in a Client's Investment Account, but rather is a bundled fee charged to the Client to cover the costs and expenses of the Investment Adviser to provide the Platform, including development of the software platform, purchase of data feeds, costs of data storage, R&D expenses, customer support, employee salaries and traditional overhead expenses.

There is no minimum account size requirement. The Investment Adviser believes the Subscription Fee is reasonable considering the quality and scope of the services it provides and the fees charged by other investment advisers offering similar services/programs. However, by participating in the Subscription Fee program, Clients may end up paying more or less than they would with other registered investment advisers who charge a wrap fee calculated as a fixed or tiered percentage of the assets managed, or charge a higher or lower subscription fee. Clients could also invest in ETFs, stocks and other securities directly without the Investment Adviser's services. In that case, Clients would not receive the services provided by the Investment Adviser, which are designed, among other things, to assist in determining which investments are appropriate for the Client's Investment Account. Clients should be aware that the Investment Adviser is designed with frequent investing

in mind. The fee structure may not be appropriate for individuals looking to make few or infrequent small-dollar investments. The Subscription Fee will be paid by credit card. Each time a Client uses the Investment Adviser's advisory services, they reaffirm their agreement that the Investment Adviser may charge the credit card on file. In the event the Investment Adviser cannot charge Subscription Fees to the Client's credit card on file, it reserves the right to terminate a Client's access to its advisory services. Each Client may also terminate at the Investment Adviser's services at any time.

### **Other Account Fees**

The Subscription Fee includes all advisory charges applicable to an Investment Account. However, the Investment Adviser's fees do not include other related costs and expenses of the investments the Client may incur through making the investments recommended by the Investment Adviser via the Model Portfolios. A Client may incur certain charges imposed by custodians and other third parties. These include transfer fees, brokerage fees, administrative fees and other fees and taxes on brokerage accounts and securities transactions. The issuer of some of the securities or products purchased for Clients, such as ETFs or other similar financial products, may charge product fees that affect Clients. The Investment Adviser does not charge these fees to Clients and does not benefit directly or indirectly from any such fees. Additionally, 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. These fees are in addition to the management fee Clients pay to the Investment Adviser. Clients should review all fees charged to fully understand the total amount of fees they will pay.

### **Item 6 Performance-Based Fees**

Invest Composer does not take performance-based fees. Fees are limited exclusively to a monthly subscription model.

### **Item 7 Types of Clients**

The Investment Adviser's Platform is intended for use by investors to gain access to customized portfolios built from ETFs and publicly traded equities.

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

#### **General**

The Investment Adviser's business is the investment advisory services provided through the Platform. Please refer to Item 4 for information pertaining to our advisory business.

Although the Investment Adviser will suggest a Model Portfolio for a specific Client, each Client is afforded the opportunity through the Platform to select a different Model Portfolio of the Client's choosing which may be a different from the Model Portfolio recommended to the Client by the Investment Adviser. The Client will also be given the opportunity to swap out, replace or remove

securities from any Model Portfolio, whether recommended or independently chosen, at its own discretion. Accordingly, Clients should be aware that:

- an algorithm is used to track a Clients' Investment Account;
- the algorithm does not recommend a Model Portfolio based on a Client's personal information, outside of what is collected via the data inputted by the Client;
- the algorithm matches Clients to a recommended Model Portfolio based on the Client's initial data inputs;
- the algorithm makes the initial and ongoing investments and rebalances the investments in the Investment Account so that it matches the target asset allocations for the selected Model Portfolio and related Client inputs;
- the algorithm may rely on back-tested information, and, thus, may not operate as expected or intended when events having few or no historical antecedents occur; and
- while Client's are able to disregard the algorithm's recommendation, an initial volatility threshold, portfolio and rebalancing strategy will be recommended by the algorithm.

Limitations of the algorithm include, without limitation:

- imperfect estimation of the market turning point;
- the expected return and expected correlation among different assets may significantly deviate from real market conditions due to unexpected events or investor panic;
- the algorithm used to manage Investment Accounts might rebalance Investment Accounts without regard to market conditions or on a more or less frequent basis than the Client might expect and the algorithm may not address prolonged changes in market conditions;
- the Investment Adviser might halt trading or take other temporary defensive measures in stressed market conditions;
- the Investment Adviser owns and manages the algorithm;
- absent technical issues, there is no limited involvement in the oversight and management of Investment Accounts;
- the performance of the algorithm will necessarily be impacted by a Client deviating from the recommendations provided by the algorithm – any such deviation is done at the Client's own risk.

The ETFs and other securities that comprise Client portfolios are selected via the Investment Adviser's internal selection criteria. ETFs themselves are managed by the relevant fund



manager/sponsor. The Investment Adviser does not manage, control or receive compensation from ETF or other managers or the Custodians.

Rebalancing and initial investments are only performed during specific hours each day. There are inherent risks to the use of algorithms to drive portfolio recommendations, which may result in loss of capital. The Investment Adviser also relies on certain vendors in order to provide portfolio rebalancing. In the event that one of these vendors is unavailable, the Investment Adviser will not have the capability to rebalance the portfolio.

Clients should understand the Platform is not entirely a self-directed brokerage service. While it does allow for manual security purchases, unlike self-directed brokerage accounts, a Client does not enter individual buy and sell orders for specific securities to be executed at particular times. If the client chooses to manually swap, replace or remove securities from the assigned or chosen Model Portfolio, the assets added or removed will generally be purchased or sold the same day. The Investment Adviser places orders to buy and/or sell securities with the Custodian consistent with the limited discretionary authority granted to it by Clients, which includes, among other things, the authority to select which securities to buy and sell and when to place orders for the execution of securities. If you want to control the specific time during the day that securities are bought and sold in your Investment Account (e.g., you want the ability to “time the market”), you should not use the Investment Adviser’s service.

Through qualitative and quantitative due diligence, the Investment Adviser selects ETFs and publicly traded equities to include in each Model Portfolio. The Investment Adviser chooses ETFs because of their transparency, liquidity, fee models and diversification. The Investment Adviser chooses stocks because of their exposure to specific industries, liquidity, transparency, risk profile, and diversification.

The ETFs and stocks selected represent an array of investment options across a broad range of investment strategies such as conservative, modest or aggressive balanced risk funds; asset classes such as small, mid, and large cap U.S. equities, fixed income, real estate, commodities, or international; and industries such as healthcare, defense or consumer.

In the Investment Adviser’s due diligence and analysis process, the Investment Adviser utilizes a form of quantitative analysis in which it analyzes historical market data, risk metrics and other benchmarks. The Investment Adviser will use the data inputs collected from the Client to recommend stocks and ETFs that it believes, based on its proprietary software, will outperform or underperform the markets or analyst consensus.

### **Risk of Loss**

Clients should be prepared to bear the risk of loss of investing in securities. Investments made via the Platform involve substantial risk, such as various market, currency, economic, political and business risks. Consequently, investment efforts will not always be profitable, and there is no assurance Clients will get back the amount invested. The Investment Adviser does not guarantee the future performance of any Client Investment Account. Subject to the Advisers Act and Investment Advisory Agreement and other applicable law contrary to the following, the Investment Adviser shall have no liability for any losses in a Client’s Investment Account. The

price of any security or the value of an entire asset class can decrease due to a variety of factors beyond the control of the Investment Adviser, including, but not limited to, changes in economic conditions, market sentiment, forecasted or unforeseen economic developments, interest rates, changes in government regulations, and domestic or international political, demographic, or social events. There is no guarantee that the intended results of an Investment Adviser's judgment or investment recommendations about particular securities or asset classes will necessarily match the actual results. The Investment Adviser's choices and judgment may prove to be incorrect, and a Client might not reach his or her investment goals. High volatility and/or the lack of deep and active liquid markets for a security may prevent a Client, or the Investment Adviser on the Client's behalf, from selling his or her securities at all, or at an advantageous time or price because the Investment Adviser and the Client's broker may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. The Platform, by its automated nature, limits excessive trading risk. Even so, human programming error may result in excessive trading. The Investment Adviser cannot guarantee any level of performance or that any Client will avoid a loss of Investment Account assets. Investing in securities involves the risk of loss, including the principal amount invested, and clients should be prepared to bear this loss.

When evaluating risk, each Client may have a distinct view of financial loss that is constituted by different risk items, each of which may affect the probability of unfavorable consequences and the extent of any potential losses. While non all-inclusive, prospective Clients should carefully consider the following risks before entering the Platform. 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 any security or the value of an entire asset class can decrease due to a variety of factors beyond the control of the Investment Adviser, including, but not limited to, changes in economic conditions, market sentiment, interest rates, government regulations, and domestic or international political events. If a Client has a high allocation and/or exposure to an underperforming asset class, it may negatively affect overall performance. Conversely, a low allocation and/or exposure to a particular asset class that outperforms other asset classes in a particular period will cause that Investment Account to underperform relative to the overall market.

### **Investment Risk**

There is no guarantee that the intended results of the Investment Adviser's judgment or investment decisions about particular securities or asset classes will necessarily match the actual results. The Investment Adviser's choices may prove to be incorrect, and a Client might not reach his or her investment goals. The Investment Adviser may modify investing algorithms and services that it provides. It is also possible that the Investment Adviser or Clients themselves may experience technological issues that may impair access to the Investment Adviser's software-based financial service or the software-based financial services provided by the Clients' brokers or other third-party Custodians.

### **Volatility and Correlation Risk**

The Investment Adviser evaluates future performance of selected assets based in part on a careful evaluation of past price performance and volatility. 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 not indicative of future results, and past returns or future projections may not reflect actual future performance.

### **Liquidity and Valuation Risk**

High volatility and/or the lack of deep and active liquid markets for a security may prevent a Client from selling such Client's securities at all, or at an advantageous time or price because the Client's broker 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. While the Investment Adviser values the securities held in an Investment Account based on reasonably available exchange-traded security data, the Investment Adviser may from time to time receive or use inaccurate data, which could adversely affect security valuations or other information which is processed by the Platform to suggest the Model Portfolios.

### **Credit Risk**

Financial intermediaries or security issuers may be unable to meet their financial obligations for a variety of reasons outside of the Investment Adviser's control, including, 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, an issuer of securities may experience a credit event that could impair or erase the value of the issuer's securities held by a Client. The Investment Adviser seeks to limit credit risk through recommending ETFs, which are subject to regulatory limits on asset segregation and leverage such that fund shareholders are given liquidation priority versus the fund issuer; however, certain funds and products may involve higher issuer credit risk because they are not structured as a registered fund.

### **Legislative and Tax Risk**

Government legislation or regulation may affect performance, which may include, but is not limited to: changes in regulation of investment advisers or securities trading; 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 (particularly for ETFs dealing in natural resources).

### **Foreign Investing and Emerging Markets Risk**

Foreign investing presents different risks from those typically associated with U.S. investments, including, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries. All of these risks may be exacerbated further in emerging markets. In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors not present in the U.S., such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than U.S. accounting practices, and foreign regulation may be inadequate or irregular.

### **Frontier Markets Risk**

Also known as “next emerging” markets, frontier markets generally present the risks associated with investing in foreign or emerging markets at a greater magnitude due to politically unstable conditions or other market disruptions.

### **Novel Coronavirus Pandemic, Public Health Emergency and Global Economic Impacts**

As of the date of this Form ADV Part 2A, there is an ongoing pandemic of a novel and highly contagious form of coronavirus (“COVID-19”), which the World Health Organization declared a pandemic on March 11, 2020 resulting in a significant number of hospitalizations and deaths. This public health emergency has and continues to have detrimental effects on the global economy and has contributed to both volatility and material declines in equity and debt markets. Many country, state and local governments have instituted mandatory or voluntary quarantines, travel prohibitions and restrictions, closures or reductions in capacity 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 the Investment Adviser cannot be predicted due to a number of uncertainties, 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 Investment Adviser's ability to source, manage and divest investments and the Investment Adviser'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 the Investment Adviser, and its respective affiliates. 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**

Risk of loss may also arise from direct or indirect exposure to other catastrophic events, including (i) other public health crises (including existing or novel epidemic diseases, or the threat thereof including any outbreak of SARS, H1N1/09 influenza, avian influenza, other coronavirus, Ebola or other existing or new epidemic diseases); or (ii) other possible catastrophic events, 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 the Investment Adviser's operational and financial performance 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 the Investment Adviser participates (or has a material effect on any locations in which the Investment Adviser operates or on any of their respective personnel) the risks of loss could be substantial and could have a material adverse effect on the ability of the Investment Adviser to fulfill its investment objectives.

### **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 Depositary 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.

Clients and should be aware that to the extent they invest in ETF securities, they will pay two levels of compensation - the Subscription Fee charged by the Investment Adviser plus any management fees charged by the issuer of the ETF. This scenario may cause a higher cost (and potentially lower investment returns) than if a Client purchased the ETF directly.

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. 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.

### **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 primarily managed by the Investment Adviser may be affected by the risk that currency devaluations affect Client purchasing power.

### **Algorithmic Trading**

Clients are advised that the Platform relies on computer models, data inputs and assumptions in generating trade orders. Statistical investing models, such as those used by the Investment Adviser, rely on back-tested information, and, thus, may not operate as expected or intended when events having few or no historical antecedents occur, and, accordingly, may generate losses another manager could have been able to avoid. The Platform utilizes a predictive algorithmic model that is dependent on the input from Clients and therefore relies on a current, diverse and large enough pool of data points to achieve anticipated results. This predictive algorithmic model is currently untested and may not produce anticipated results.

### **Cybersecurity Risks**

The Investment Adviser and its service providers are and Client's brokers and Custodians may be, 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 the Investment Adviser's Clients by interfering with the processing of transactions, affecting the Investment Adviser'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 the Investment Adviser 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 cyber-security risks also are present for issuers of securities and the Clients' brokers, which could result in material adverse consequences for such issuers and brokers and may cause a Client's investment in such securities to lose value. Further, the Investment Advisers cannot control to the extent the Custodians and Clients' brokers have taken internal precautions against cyber-attacks and the Client should inquire with such Custodians and brokers which are ultimately responsible for affecting the trades recommended by the Model Portfolios regarding the cybersecurity policies of the foregoing entities.

### **Investment Strategy Risks**

There are risks associated with the long-term core strategic holdings. The more aggressive the investment strategy, the more likely the portfolio will contain larger weights in riskier asset classes, such as equities.

### **Equity-Related Risks**

The prices of equity securities will rise and fall. 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.

### **Large-Cap and Mid-Cap Risks**

Large-cap and/or mid-cap segments of the stock market bear the risk that these types of stocks tend to go in and out of favor based on market and economic conditions. However, stocks of mid-cap companies tend to be more volatile than those of large-cap companies because mid-cap companies tend to be more susceptible to adverse business or economic events than larger, more established companies. During a period when large- and mid-cap U.S. stocks fall behind other types of investments, bonds or small-cap stocks, for instance, the performance of investment strategies focused on large- and/or mid-cap stocks will lag the performance of these other investments.

### **Small-Cap and International Risks**

Historically, small-cap and international stocks have been riskier than large- and mid-cap U.S. stocks. During a period when small-cap and/or international stocks fall behind other types of investments, U.S. large- and mid-cap stocks, for instance, the performance of investment strategies focused on small-cap or international stocks may lag the performance of these other investments.

### **Reliance on Management and Other Third Parties**

All of the investments recommended via the Model Portfolios are executed, traded, and managed by third-party brokers or Custodians and the Investment Adviser merely provides investment advice. The Investment Adviser does not manage Clients' Investment Accounts directly. ETF investments will rely on third-party management and advisers.

### **Infrastructure Risks**

Infrastructure-related investments are subject to a number of unique risks. These investments may be concentrated into a small number of projects, resulting in a high degree of risk with respect to each project. Further, these investments are often subject to foreign and emerging market risks.

### **Market Volatility**

General fluctuations in the economy may affect the value of one or more investments. In the event of economic volatility, the ability to achieve a favorable return on investments may be severely impeded.

### **Margin Risk**

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin.

### **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 and 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**

Composer has no legal or disciplinary events to report that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

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

Not applicable.

### **Item 11 Code of Ethics, Participation or Interest in Client Accounts and Personal Trading**

The Investment Adviser has adopted a code of ethics (the "**Code of Ethics**") for all supervised persons of the Investment Adviser describing its high standard of business conduct and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to the confidentiality of Client



information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at the Investment Adviser must acknowledge the terms of the Code of Ethics annually, or as amended.

The Investment Adviser, individuals associated with the Investment Adviser, or any related person(s) may buy or sell securities identical to or different from those recommended to Clients in Model Portfolios.

## **Item 12 Brokerage Practices**

Currently, the Investment Adviser requires Alpaca Securities LLC as a broker-dealer for our Clients. In this respect we may be deemed to routinely direct our clients to execute transactions through specified broker dealers. In making this decision we take into account, commission rates, execution quality, service and compatibility with Composer's software. We place orders through Alpaca Securities LLC for our Clients. It is the Client's decision which of the three brokers to use. By directing brokerage to Alpaca Securities LLC we may be unable to achieve the most favorable execution for our clients' transactions.

Alpaca Securities LLC may send your orders to another broker-dealer for execution. Alpaca Securities LLC accept payment for order flow from executing broker-dealers and may receive payment for order flow on your orders.

## **Item 13 Review of Accounts**

The Investment Adviser provides all Clients with continuous access to the Platform regarding information about Investment Account status, portfolio allocations, securities, and Investment Account balances. The Investment Account's will rebalance and adjust on an ongoing basis consistent with the Client's elections. The Investment Adviser will not prompt the Client to review their accounts and any deviations will be made on a unilateral basis by the Clients if so desired.

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

The Investment Adviser and its related persons do not receive an economic benefit (such as sales awards or other prizes) from any third party for providing investment advice or other advisory services to Clients. However, the Investment Adviser may receive from a broker-dealer or a fund company, without cost and/or at a discount, certain services and/or products, to assist in monitoring and servicing Investment Accounts. These may include investment-related research, pricing information and market data, software and other technology that provide access to Investment Account data, compliance and/or practice management-related publications, discounted or free consulting services, discounted or free attendance at conferences, meetings, and other educational or social events, marketing support, computer hardware or software, and other products used by the Investment Adviser to assist the Investment Adviser in its investment advisory business operations. The Investment Adviser may offer cash payments for Client solicitations in accordance with CFR 275.206(4)-3, and may enter into agreements (and may in the future enter into agreement) with third parties providing for, among other things, payments from the Investment Adviser to third parties of a one-time or ongoing fees.

### **Item 15 Custody**

The investments in each Client's Investment Account are held in a separate account in the name of the Client at an independent custodian, and not with the Investment Adviser. All Investment Accounts managed through the Platform are required to use the custodian selected by the Investment Adviser (the "**Custodian**") as the independent custodian.

### **Item 16 Investment Discretion**

Clients will receive the Investment Adviser's Investment Advisory Agreement, which further details the services Clients will receive, fees charged to Clients, and the conditions of the Investment Adviser-Client relationship. Importantly, the Investment Adviser does not provide overall financial planning services, nor does it provide tax advice.

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

As a matter of firm policy and practice, the Investment Adviser does not have any authority to and does not vote proxies on behalf of Clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in such Client's portfolio. Clients will receive proxies and other solicitations directly from the Custodian.

### **Item 18 Financial Information**

The Investment Adviser does not require the prepayment of any Subscription Fees six or more months in advance and does not have any adverse financial condition that is reasonably likely to impair the Investment Adviser's ability to continuously meet its contractual commitments to its Clients. The Investment Adviser has not been the subject of a bankruptcy proceeding.