

# **HEDGEHOG ADVISERS, LLC**

## **Wrap Fee Program Brochure**

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This wrap fee program brochure provides information about the qualifications and business practices of Hedgehog Advisers, LLC. If you have any questions about the contents of this brochure, please contact us at (949) 354-4184 or by email at: info@hedgehogadvisers.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 Hedgehog Advisers, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration as an investment adviser does not imply a certain level of skill or training.

**Item 2: Material Changes**

In this Item, Hedgehog Advisers, LLC is required to discuss any material changes that have been made to this brochure since the last annual amendment filed. The Firm has no changes to disclose in relation to this Item since its initial brochure filing on July 15, 2021.

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## **Item 4: Services, Fees, and Compensation**

### **A. Description of the Advisory Firm**

Hedgehog Advisers, LLC (hereinafter “HA”) provides “robo-advisory” portfolio management services via an online interface to clients under this wrap fee program as sponsor and portfolio manager. The terms and conditions of the wrap fee program are set forth in an investment advisory contract between HA and the client (“Investment Advisory Contract”).

HA charges an annual fee (“Subscription Fee”) for the wrap fee program is as follows:

<b>Total Assets Under Management</b>	<b>Subscription Fee</b>
All Assets	1.00%

Fees are paid in arrears. HA uses an average of the daily balance in the client’s account throughout the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

The Subscription Fee will be invoiced and billed directly to the client, payable by bank transfer, on a monthly basis. HA may at any time in its sole discretion initiate sales in one or more assets in client portfolios to pay any current or past fees due to Hedgehog, the executing broker or custodian or other third-party engaged by the client under the wrap fee program, including at any time when HA has been unable for any reason to complete a direct debit of a Subscription Fee by debiting the client’s primary or secondary funding source.

Clients may terminate the Investment Advisory Contract immediately upon written notice or via the online interface.

The Subscription Fees are not negotiable. HA may waive or charge a lower fee at any time, for any period, for any client at its sole discretion. For example, HA may, from time to time, elect to launch promotions or other initiatives whereby Subscription Fees may be waived, in whole or in part, for certain categories of client (such as, by way of example, students, clients below a certain age and/or military veterans).

### **B. Contribution Cost Factors**

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program, including the trading activity in the client’s account, the adviser’s ability to aggregate trades, and the cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

### C. Additional Fees

HA will wrap third party fees (i.e., custodian fees, brokerage fees, transaction fees, etc.) for wrap fee portfolio management accounts. HA will charge clients one fee and pay all transaction fees using the fee collected from the client. Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that HA has a conflict of interest, in that it has an incentive to limit trading activities for those accounts to limit transaction costs it would incur.

Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, blockchain transfer fees paid by client, banking fees, money transfer fees, exchange fees margin costs, fees associated with “step out” transactions if the account uses different exchanges, custodians or broker-dealers, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage and digital asset accounts and securities and digital asset transactions. In addition, the following fees payable to HA, HA’s affiliates, or other third parties charged to Accounts participating in the wrap fee program are not included in the Subscription Fee:

<b>Funds Transfers</b>	
Direct Debit or Withdrawal	Free
Returned ACH, or Check* Deposit	\$30 per occurrence
Domestic Wire Transfer*	\$40 per occurrence

*\* Deposits and Withdrawals in the program are regularly done by direct debit. Checks and wire transfers are not regularly accepted in the wrap fee program but may be accepted by HA or executing broker on a case-by-case basis.*

<b>Asset Transfers</b>	
Account Transfer — Incoming <sup>†</sup>	Free
Asset Transfer — Outgoing	Free

*<sup>†</sup> Deposits in the wrap fee program are regularly done by direct debit. Incoming account transfers are not regularly accepted in the wrap fee program, but “liquidate and transfer” account transfers may be accepted by HA or the executing broker on a case-by-case basis*

*<sup>‡</sup> In-Kind Withdrawal of Assets are only available for Hedgehog Trading Accounts.*

<b>Account Maintenance</b>	
Electronic Statements	Free
Electronic Confirmations	Free
Paper Mailed Statements	\$10 per month
Paper Mailed Confirmations	\$15 per month

## **D. Compensation of Client Participation**

Neither HA, nor any representatives of HA receive any additional compensation beyond advisory fees for the participation of clients in the wrap fee program. However, compensation received may be more than what would have been received if client paid separately for investment advice, brokerage and digital asset transactions, and other services. Therefore, HA may have a financial incentive to recommend the wrap fee program to clients.

## **Item 5: Account Requirements and Types of Clients**

HA generally offers advisory services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Corporations or Business Entities

There is no account minimum.

## **Item 6: Portfolio Manager Selection and Evaluation**

### **A. Selecting/Reviewing Portfolio Managers**

HA will not select outside portfolio managers for management of this wrap fee program. HA will be the sole portfolio manager for this wrap fee program.

### **B. Related Persons**

HA and its personnel serve as the portfolio managers for all wrap fee program accounts. This is a conflict of interest in that no outside adviser assesses HA's management of the wrap fee program. However, HA addresses this conflict by acting in its clients' best interest consistent with its fiduciary duty as sponsor and portfolio manager of the wrap fee program.

### **C. Advisory Business**

HA provides "robo-advisory" portfolio management services via an online interface. This entails the use of algorithm-based portfolio management advice, rather than in-person investment advice. These automated investment solutions are customized to each client and based on individual characteristics, such as the client's age, risk tolerance, income, and current assets, among others.

HA evaluates the current investments of each client with respect to their risk tolerance levels and time horizon.

HA will require discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction.

Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Portfolio management accounts participating in the wrap fee program will not have to pay for transaction or trading fees. HA will charge clients one fee and pay transaction fees using the advisory fee collected from the client. Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that HA has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs. To address this conflict, HA will always act in the best interest of its clients consistent with its fiduciary duty as an investment adviser.

### ***Services Limited to Specific Types of Investments***

HA generally limits its investment advice to equities, ETFs, Commodities, and cryptocurrency. HA may use other securities as well to help diversify a portfolio when applicable.

### ***Client Tailored Services and Client Imposed Restrictions***

HA will tailor a program for each individual client based on information provided by the client to HA. HA may use model allocations together with a specific set of recommendations for each client based on their investment needs and targets. Clients are permitted to impose reasonable restrictions on the management of their account.

### ***Wrap Fee Programs***

As discussed herein, HA sponsors and acts as portfolio manager for this wrap fee program. HA exclusively manages the investments in the wrap fee program.

### ***Amounts Under Management***

HA has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-Discretionary Amounts:</b>	<b>Date Calculated:</b>
\$0	\$0	February 2022

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

HA does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Clients paying a performance-based fee should be aware that investment advisers have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

## ***Methods of Analysis and Investment Strategies***

### Methods of Analysis

HA's methods of analysis include charting analysis, charting analysis, charting analysis, charting analysis, and charting analysis.

**Charting analysis** involves the use of patterns in performance charts. HA uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets.

### Investment Strategies

HA offers investment exposure to digital assets through the use of Stacks composed of assets that align with a stated investment theme or strategy. The thematic baskets focus on use cases (e.g. Currencies, Computing platforms), market capitalization (e.g. Large Cap, Small Cap), fundamental usage data (e.g. Mining Fees, Hashrate), or other characteristics. The individual assets that are featured in each stack may be evaluated on the following: availability of asset custody, liquidity profile, risk/return profile, status of the asset as a security, and/or a restricted security, and other considerations based on the unique circumstances of each asset. HA regularly evaluates all available assets and creates a curated approved asset list.



The below list constitutes the current basket offerings of HA, referred to as “stacks,” as of the date of this Brochure. Other stacks may be created and edited at the client's direction, and HA may add or remove stacks in response to investor appetite and or other considerations, including custodial coverage. If a client does not use HA's recommendation and selects their own stack, this may negatively impact the client's ability to achieve their goals. The subscription fee is still applied to your account if all or a portion of your account is selected by the client. A client that wants to self-direct their investments will likely incur lower fees in an account outside of HA. HA provides additional information on each stack on the platform; investors should review that information before investing.

**Total Crypto** - The Total Crypto Stack spans the entire investable universe of the HA platform. It provides the broadest exposure to every sector on the HA platform, including currencies, non-fungible tokens, and decentralized finance. Given the broad-based exposure, the Total Crypto stack is risk-weighted and will rebalance every quarter with the objective that each asset provides an equal amount of risk to the overall risk of the basket.

**Decentralized Finance** - This stack, also called the “DeFi Stack,” invests in digital assets that provide traditional financial products—such as exchanges, loans, derivatives, and savings accounts—outside of traditional financial institutions and with no middlemen. It consists of many of the industry's most exciting projects, many of which are young and still evolving, making the DeFi Stack more speculative than other baskets.

**Layer One** - Many will be familiar with blue chip stocks in the traditional sense. These financially sound companies — like IBM, Nike, and Apple — have a large market capitalization and a well-established history. The cryptocurrencies included in the Layer One stack are similar. They are the largest, most established assets on the HA platform. Investing in the Layer One Stack offers broad exposure, spanning ten of HA's available digital assets.

**Yield Farming** – The volatility of non-fiat pegged cryptocurrencies may not be appropriate for all investors, but there are several alternatives available that use currencies backed entirely by real fiat reserves. With this stack, HA will place client funds into non-volatile lending and liquidity protocols to earn reliable yield on invested funds.

**Momentum** - The Momentum Stack provides investors with dynamic exposure to Bitcoin and Ethereum that is weighted in accordance with a momentum ranking system. We monitor the relative strength of Bitcoin and Ethereum and adjust the Basket each month to an optimal allocation.

**Bitcoin** - A single-asset stack giving investors direct access to the industry's original, largest, and most notable cryptocurrency.

**Ethereum** - Among cryptocurrencies, Ethereum is second only to Bitcoin in terms of market capitalization and recognition. Ethereum not only acts as a cryptocurrency for

holding and transferring value but is also an open platform for developers to build decentralized applications. These decentralized applications range from gaming products to banking services without the need for personal data or third-party intermediaries. This stack gives investors access to the cryptocurrency used in the world's largest shared computing network.

### ***Material Risks Involved***

#### Methods of Analysis

**Charting analysis** strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

**Quantitative Model Risk:** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

#### Investment Strategies

**Long term investing** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the

investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

#### Risks of Specific Investments Utilized

**Availability of digital assets** – HA will only be listing a limited number of types of digital assets on the platform. Therefore, clients may not have exposure through the platform to many other digital asset investments. Additionally, as described above, if regulators find that the digital assets on the platform are not freely tradable it could negatively impact their value and decrease the number of digital assets available for investment on the platform.

**Key personnel** – HA depends, in part, on its ability to attract and retain key personnel. HA's future also depends on the continued contributions of the executive officers and other key personnel, each of whom would be difficult to replace. The loss of the services of any of HA's key principals or other personnel, and the process to replace them would involve significant time and expense and may significantly delay or prevent the achievement of HA's business objectives.

**Lack of established track record** – HA is a newly formed entity that has no operating history upon which a prospective client may base its investment decision. There can be no assurance that HA will be able to successfully implement its business plan. The success of HA should be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the inception of a business, operation in a competitive industry, and the continued development of advertising and a corresponding client base. For these and other unforeseeable reasons, there can be no assurance that HA will achieve or sustain profitable operations. The performance of prior investment entities and business ventures associated with HA's key personnel and principals is not necessarily indicative of HA's future performance.

**Third Party Information** – HA will provide clients information from third-party sources related to the digital assets listed on the platform. HA relies on these representations and does not independently verify this information. As a result, HA can make no assurances as to the completeness or accuracy of any such information.

**Platform information** – Although HA intends to provide accurate and timely information on the platform, the platform may not always be entirely accurate, complete, or current and may also include technical inaccuracies or typographical errors. In an effort to continue to provide as complete and accurate information as possible, information may be changed or updated from time to time without notice, including without limitation information regarding HA's policies, products, and services. Accordingly, clients should verify all information before relying on it, and all decisions based on information contained on the platform are solely the client's responsibility and HA shall have no liability for such decisions.

**Service Providers & Vendors** – As an emerging asset class, there may be few digital asset related service providers. Options for service providers may be limited, or newly created, limiting the diligence that can be performed.

**Competition** – There is increasing competition in the digital asset market. Participation by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments in the private sector, and the competition for investment opportunities is high. Some of HA's potential competitors may have greater financial and personnel resources than HA. There is no guarantee that HA will successfully implement its proposed strategy and develop a viable business on (or off) the platform. If HA or the platform is not able to develop a viable business, then that could present a risk to the client's investments held on the platform.

**Service Providers** – The institutions with which HA (directly or indirectly) does business, such as banks and other financial institutions, may encounter financial difficulties that impair the operational capabilities or the capital position of HA. HA relies heavily on various service providers to perform many of the functions required to fulfill its investment objective, including the Custodian. Should any of these service providers experience financial, regulatory, or other difficulties that affect their operations, HA's operational capabilities and financial position would be adversely affected. This is particularly acute in light of the changing regulatory landscape for digital assets, which could affect the regulatory standing of service providers, and may cause them to change their business models or cease providing services HA depends on altogether. In particular, if the Custodian is no longer able to successfully provide services to HA, and an appropriate alternate Custodian is not immediately available, this could have a negative impact on HA and the platform, as described below.

**Portfolio Allocation and Rebalancing** – HA's algorithmic portfolio recommendations may not successfully achieve an investor's goal for a variety of reasons, including unexpected market events or trends that the algorithm does not anticipate, as well as inaccurate, incomplete, or otherwise faulty data used by the algorithm and/or provided by the investor. While HA seeks to continually improve its algorithmic system, it does not guarantee it will result in positive returns on investment. In addition, when HA rebalances the portfolios, it is possible that the system could err and fail to execute a requested trade.

**Software & Technology Risk** – Once HA gathers clients' interests, goals, and risk tolerance, the Firm's investment analysis software uses this information to suggest multiple investment portfolios that a client may select. Account rebalances are also executed programmatically using the HA's proprietary software platform. Clients should note the following risks: i. HA's software may still make incorrect assumptions about a client's financial situation. There is always a possibility that the simulator may experience technical malfunctions that would cause its recommendations to be inaccurate. ii. The software can only base its output on the input from the client. As such, the software's output is only as accurate as the data the client inputs. iii. The output that the software generates may not assess all of the client's particular situation. Special circumstances, qualitative characteristics, and other intangible components of a client's personal background that are not captured by the software may cause the software's assumptions to be incorrect.

**Market Risk** – The value of the investments held in clients' accounts is subject to changes in economic conditions, growth rates, profits, and the market's perception of these investments. The price of any instrument can decline for a variety of reasons outside of HA's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, regulatory changes, and domestic or foreign political, demographic, or social events.

**Effect of General Economic Conditions** – General economic conditions may affect the Firm's investment activities. Changing economic, political, and regulatory or market conditions, general levels of economic activity, the price of digital assets, and participation by other investors in the financial markets may affect the value and number of investments made by the Firm or considered for prospective investment. Different parts of the market and different types of investments can react differently to these developments. Every investment has some level of market volatility risk. Economic slowdowns or downturns could lead to financial losses in the Firm's investments. In addition, many of the Firm's investments may be similarly subject to the same economic conditions, which could adversely impact the Firm's investment returns.

**Cybersecurity Risk** – As the use of technologies, such as the internet, has become more common in conducting business, client accounts have become potentially more susceptible to operational, information security and related risks through breaches in cybersecurity. Generally, a cyber incident may result from either intentional attacks or unintentional events and include, but are not limited to, gaining unauthorized access to private keys or to digital systems, misappropriating assets or sensitive information, causing a client account to lose proprietary information, corrupting data, or causing operational disruption, including denial-of-service attacks on websites. Additionally, digital assets pose their own cybersecurity risks. Blockchain miners or validators maintain the record of ownership of digital assets, and if these entities suffer from cyberattacks or other security incidents, or for financial or other reasons cease to perform these functions, the functioning of the blockchains on which the ownership of digital assets is recorded and the valuation based may be jeopardized. The types of incidents that might affect blockchain security include hacking, which involves efforts to gain unauthorized access to information or systems or to cause intentional malfunctions or loss or corruption of data, software, hardware, or other computer equipment; the inadvertent transmission of computer viruses or other malware; or malfeasance or negligent acts of personnel, such as phishing attacks and other forms of social engineering. Any such interruption could result in impermissible transfers of digital assets and/or loss of digital assets and/or their value. A cybersecurity breach in HA's platform or to the entities involved in the recording and transfer of digital assets in turn could in turn could cause a client account and/or the Firm to incur regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures, and/or financial loss. Cybersecurity failures or breaches of a third-party service provider that provides services to a client account, such as the Custodian or an administrator, or issuers in whose digital assets a client account invests in, may also subject a client account and/or the Firm to these cybersecurity risks. The Firm has established policies and procedures reasonably designed to

reduce the risks associated with cyber incidents, including the risk that federal securities laws are broken due to a cyber incident. However, there can be no assurance that these policies and procedures will prevent cyber incidents.

**Geopolitical Risk** – The impact of geopolitical events on the supply and demand for digital assets is uncertain. Digital assets are relatively new and 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, including regulatory changes. Nevertheless, political, or economic crises may motivate large-scale acquisitions or sales of digital assets globally and/or locally. Large-scale sales of digital assets are likely to result in a reduction in the value of digital assets contained on the platform and may adversely affect a client's investment in digital assets also held in their account. Risks Associated with Digital Currencies, Digital Assets and Digital Asset Networks HA invests in digital assets; currently, digital assets are either unregulated or in the early stages of regulation by U.S. federal and state governments and self-regulatory organizations. As digital assets have grown in popularity, certain U.S. agencies, such as the SEC, the Financial Crimes Enforcement Network, and the Commodity Futures Trading Commission ("CFTC"), have begun to examine digital assets and the operations of digital assets in depth. The SEC views a significant portion of digital assets as securities and has been involved in multiple enforcement actions, settlements, and federal court cases regarding the regulatory status of digital assets, their issuers, and intermediaries involved in the industry. The CFTC has declared that certain other digital assets are commodities and regulates those assets and in particular derivatives related to them. To the extent that any type of digital asset is determined to be a security, commodity, future, or other regulated asset where HA has not anticipated that treatment, or to the extent that a U.S. or foreign government or quasi-governmental agency exerts additional regulatory authority over the digital assets, HA's portfolios may be adversely affected. The effect of any future regulatory change on the Funds is impossible to predict, but such change could be substantial and adverse. Some of the risks as they pertain to digital assets that clients should consider include but are not limited to: Concentration Risk. Concentrating investments in the digital assets sector increases the risk of loss, because developments that adversely affect the sector as a whole may cause most if not all of HA's investments to decline in value. Digital Currencies and Digital Assets. Digital assets represent a speculative investment and involve a high degree of risk. Supply is determined by a computer code, not by a central bank, and prices can be extremely volatile. Digital currency and digital asset exchanges have been closed due to fraud, failure, security breaches, and legal noncompliance. Client assets held on an exchange that shuts down may be lost. Several factors may affect the price of digital currencies and digital assets, including, but not limited to supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of digital currencies/ digital assets or the use of digital currencies/ digital assets as a form of payment. There is no assurance that digital currencies and/or digital assets will maintain their long-term value in terms of purchasing power in the future, or that acceptance of digital currency/digital assets payments by mainstream retail merchants and commercial businesses will grow. The prior performance of a digital asset is not necessarily indicative of future results. Many digital assets have experienced high levels of

performance and rapid increases in price, followed by significant downturns in performance and similarly rapid decreases in price. Digital currencies and digital assets are created, issued, transmitted, and stored according to protocols run by computers in the digital currency and digital assets network. It is possible these protocols have undiscovered flaws which could result in the loss of some or all client assets. There may also be network scale attacks against these protocols that result in the loss of some or all client assets. Some assets may be created, issued, or transmitted using experimental cryptography that could have underlying flaws. Advancements in quantum computing could break the cryptographic rules of protocols that may be negatively affected by technological advances that undermine the cryptographic consensus mechanism underpinning blockchain and distributed ledger protocols. HA makes no guarantees about the reliability of the cryptography used to create, issue, or transmit assets. Certain digital 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 digital assets listed on the platform and recommended by HA. These digital 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 digital 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 the digital assets listed on the platform and could negatively affect any digital assets held by a client from such issuer. The digital asset market presents significant risks that could negatively impact HA's ability to purchase and sell digital assets on a client's behalf. For example, the digital asset market frequently involves shallow trade volume, extreme hoarding, low liquidity, and high bankruptcy risk. Blocks of digital 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 digital assets are difficult to sell in a timely and efficient manner.

**No FDIC or SIPC Protection** – Digital currencies are not subject to Federal Deposit Insurance Corporation (“FDIC”) or Securities Investor Protection Corporation (“SIPC”) protections. Since HA and its Custodian are not members of the FDIC or SIPC, client assets are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions. While private insurance may be available at times, client assets are not insured by HA.

**Legality of Digital Currencies** – Owning, holding, selling, or using digital assets may be illegal now or in the future in one or more countries, including the United States. Countries may take regulatory actions in the future that severely restricts the right to acquire, own, hold, sell, or use digital currencies. Such an action may restrict HA's ability to hold or trade digital currencies and could result in termination and liquidation of client accounts at a time that is disadvantageous to clients.

**Qualified Custodians** – Entities that provide custody for digital assets are subject to evolving guidelines from regulatory authorities. Although, as described below, HA takes the view that as a state-regulated trust company, the Custodian is a “qualified custodian” for purposes of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), there is a risk that the SEC or a state regulator would disagree.

**Digital Currency and Digital Asset Exchanges** – The digital currency and digital asset exchanges on which digital currency and digital assets trade are relatively new and may not be registered as brokers, exchanges, or alternative trading systems. They may therefore be out of compliance with federal or state law. In addition, these exchanges may be more exposed to theft, fraud and failure than established, registered exchanges for other products. In general, digital currency and digital assets exchanges are currently start-up businesses with no institutional backing, limited operating history and no publicly available financial information. Exchanges generally require cash to be deposited in advance in order to purchase digital currency and digital assets, and no assurance can be given that those deposit funds can be recovered. Additionally, upon sale of digital currency and digital assets, cash proceeds may not be received from the exchange for several business days. The participation in exchanges requires participants to take on credit risk by transferring digital currency and digital assets from a participant's account to a third-party's account. HA takes on the credit risk of an exchange every time it makes a transaction. There are currently no U.S. exchanges registered with the SEC where digital assets that are securities can be legally listed and/or traded. While HA anticipates that such exchanges will exist in the United States in the future, HA cannot and does not guarantee that such exchanges will ever legally operate in the United States. In addition, even if other types of crypto assets are able to successfully be listed on a registered exchange in the United States, there is no guarantee that such exchange will allow the digital assets traded within the portfolios to be listed on such a registered exchange. Thus, exchanges used by HA 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 HA could adversely affect HA's business. Digital currency and digital asset exchanges may impose daily, weekly, monthly, or customer-specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of digital currency and digital assets for fiat currency difficult or impossible. Additionally, digital currency and digital assets prices and valuations on digital currency and digital asset exchanges have been volatile and subject to influence by many factors including the levels of liquidity on exchanges and operational interruptions and disruptions. The prices and valuation of digital currency and digital assets remain subject to any volatility experienced by digital currency and digital asset exchanges, and any such volatility can adversely affect HA's investments. Digital currency and digital asset exchanges are appealing targets for cybercrime, hackers, and malware. Even the largest exchanges have ceased operations due to theft, fraud, security breach, liquidity issues, or government investigation. In addition, banks may refuse to process wire transfers to or from exchanges. Over the past several years, many exchanges have, indeed, closed due to fraud, theft, government or regulatory involvement, failure or security breaches, or banking issues. 16 Any financial, security or operational difficulties experienced by such exchanges may result in HA's inability to recover money or digital assets being held by the exchange, or to pay clients upon withdrawal. The daily trade volume of digital assets on any given exchange may only be a small fraction of total digital assets. The lack of a regulated market for digital assets and related assets means that market participants do not have as many mechanisms to hedge or create the liquidity in the digital asset market that is typical of traditional capital markets. The digital asset market also currently lacks many institutional participants, which could help to stabilize the market. For these reasons, among others, HA may be unable to purchase or sell



a digital asset as desired for an extended period of time. Trade Errors - HA may possibly place trades incorrectly. If a trade error occurs, the Firm will notify the client promptly regarding the error and its resolution. The client will bear any financial gain or loss associated with trade errors in their accounts.

**Stolen or Incorrectly Transferred Digital Currencies and Digital Assets May be Irretrievable** – Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer or theft of digital currencies or digital assets generally will not be reversible, and HA may not be able to seek compensation for any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, clients' digital currencies and/or digital assets could be transferred in incorrect amounts or to unauthorized third parties. To the extent that HA is unable to seek a corrective transaction with such third party or is incapable of identifying the third party that has received the Funds' digital currencies and/or digital assets through error or theft, HA will be unable to revert or otherwise recover incorrectly transferred digital currencies and/or digital assets. To the extent that HA is unable to seek redress for such error or theft, such loss could adversely affect clients' investments.

**Amendments to a Digital Assets Network's Protocols and Software Could Adversely Affect the Funds' Investment and Trading Activities** – Digital currency and digital asset networks (collectively, "Networks") are typically based on protocols that govern peer-to-peer interactions between computers connected to a digital currency's or digital asset's Network. Generally, the code that sets forth a digital currency's or digital asset's protocol is informally managed by a development team known as the core developers. A digital currency's or digital asset's core developers, miners, and/or users (each such core group in respect of a particular digital currency or digital asset, the "Community") can propose amendments to a Network's source code through one or more software upgrades that alter such digital currency's or digital asset protocols, the software that govern its Network and the properties of the digital currency or digital asset itself, including, but not limited to, the irreversibility of transactions and limitations on the mining/creation of new digital currency or digital asset units. To the extent that a majority of a Community installs such software upgrade(s), such digital currency's or digital asset's Network could be subject to new protocols and software that may adversely affect the HA's investment and trading activities. If less than a majority of a Community installs such software upgrade(s), such digital currency's or digital asset's Network could "fork." 17 Many digital currencies and Digital Assets are open-source projects and, although there may be an influential group of leaders in a specific Community, there may be no official developers or group of developers that formally control the applicable Network. For many digital currencies and Digital Assets, any individual can download the applicable Network software and make any desired modifications, which are proposed to the relevant digital currency's or Digital Asset's Community through software downloads and upgrades. However, the Community must usually consent to those software modifications by downloading the altered software or upgrade that implements the changes; otherwise, the changes do not become a part of that Network. A developer or group of developers could potentially propose a modification to a Network that is not accepted by the applicable Community, but that is nonetheless accepted by a substantial portion of such Community. In such a case, a "fork" in the blockchain could

develop and two separate Networks could result, one running the pre-modification software program and the other running the modified version (i.e., a second such Network in respect of the same digital asset). Such a fork in the blockchain typically would be addressed by Community-led efforts to merge the forked blockchains. This kind of split in a Network could materially and adversely affect the value of HA's investments and, in the worst-case scenario, harm the sustainability of the applicable digital currency's or Digital Asset's economy. Risk to Digital Currency and Digital Assets Networks from Malicious Actors. If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on certain digital currency and digital assets networks, it may be able to alter the blockchain on which the digital currency and/or digital assets transaction relies on by constructing alternate blocks if it is able to solve for such blocks faster than the remainder of the miners on the digital currency and/or digital assets network can add valid blocks. In such alternate blocks, the malicious actor or botnet could control, exclude, or modify the ordering of transactions, though it could not generate new digital currency and digital assets or transactions using such control. Using alternate blocks, the malicious actor could double spend its own digital currency and/or digital assets and prevent the confirmation of other users' transactions for so long as it maintains control. To the extent that such malicious actor or botnet does not yield its majority control of the processing power on various digital currency and digital assets networks, or the digital currency and digital assets community does not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible. Such changes could adversely affect HA's investments or the ability of HA to complete transactions.

**Forks and Airdrops** – A “fork” as described above or an airdrop (i.e., a free, unsolicited distribution of an asset to a recipient's digital asset wallet) may affect the value of the original digital asset held by HA's Custodian. HA's custodian has sole discretion in electing to claim any new digital assets produced from forks or airdrops. The Custodian may (i) not accommodate the new digital asset; (ii) only accommodate the new digital asset after a significant period; or (iii) have a contractual right to claim the new digital asset for its own account. Additionally, HA may not have any systems in place to monitor or participate in forks or airdrops. As a result of the foregoing, clients may not benefit from digital assets provided through airdrops, and digital assets subject to forks may be rendered useless or of no or little value. 18 Digital Currency and Digital Assets Miners May Cease to Solve Blocks. If the award of new digital currency and digital assets, as applicable, for solving blocks declines and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. Miners ceasing operations would reduce the collective processing power on such digital currency and digital assets network, as applicable, which would adversely affect the confirmation process for transactions (i.e., decreasing the speed at which blocks are added to the blockchain until the next scheduled adjustment in difficulty for block solutions) and make such network more vulnerable to a malicious actor or botnet obtaining control in excess of fifty percent (50%) of the processing power on such network. Any reduction in confidence in the confirmation process or processing power of such network may adversely impact an investment in the Funds.

**Broker-Dealer Registration** – HA believes that it is not acting as a broker-dealer required to register under federal or state law. If HA were deemed to be a broker-dealer, it would be subject to significant additional regulation. This could lead to significant changes with respect to the platform, how digital assets are listed on the platform, how digital assets listed on the platform are purchased and sold and other issues, and would greatly increase HA's costs in creating and facilitating transactions in the digital assets listed on the platform. It could lead to the suspension and/or termination of the platform. In addition, a regulator could take action against HA if it views the digital assets listed on the platform and the platform itself as a violation of existing law. Any of these outcomes would negatively affect the value of the digital assets listed on the platform and/or could cause HA to suspend and/or cease operations.

**State Regulations** – Regulation of digital assets in the United States varies by state, and the regulations of certain states may limit the ability of HA to operate within those states. Certain states require persons to obtain a license to conduct a digital asset business. Accordingly, HA 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 HA. If HA were deemed to be conducting an unlicensed digital asset business, it would be subject to significant additional regulation and/or regulatory consequences. This could lead to significant changes with respect to HA and the platform and could greatly increase the operating costs of HA and the platform. Different state regulations could affect the transferability of digital assets. To the extent that state regulations differ, certain digital assets may only be tradable in specific states. This could decrease the demand for and market for digital assets.

**Tax** – The tax characterization of digital assets is uncertain. The purchase of digital 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 digital asset. If a digital asset is characterized as a "virtual currency" for income purposes, then, under the Notice, the general rules applicable to property transactions would apply. Intellectual Property Rights Claims May Adversely Affect the Operation of the Digital Currency and Digital Assets Network. Third parties may assert intellectual property claims relating to the operation of digital currencies and digital assets and their source code relating to the holding and transfer of such assets. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the digital currency and digital asset's long-term viability or the ability of end-users to hold and transfer digital currency and digital assets may adversely affect HA's investments. Additionally, a meritorious intellectual property claim could prevent HA and other end-users from accessing the digital currency and digital assets network or holding or transferring their digital currency and digital assets, which could force HA to terminate and liquidate its digital asset holdings. The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved in an investment with the Firm. Prospective clients should read the entire Brochure as well as other materials that may

be provided by the Firm and consult with their own independent, legal, tax, and accounting advisers prior to engaging the Firm's services.

*Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

### ***Voting Client Securities (Proxy Voting)***

HA will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 7: Client Information Provided to Portfolio Managers**

All client information material to managing the portfolio (including basic information, risk tolerance, sophistication level, and income level) is provided to the portfolio manager. The portfolio manager will also have access to that information as it changes and is updated.

## **Item 8: Client Contact with Portfolio Managers**

HA provides "robo-advisory" portfolio management services via an online interface, as such, clients are restricted from HA's portfolio managers.

## **Item 9: Additional Information**

### **A. Disciplinary Action and Other Financial Industry Activities**

#### ***Criminal or Civil Actions***

There are no criminal or civil actions to report.

#### ***Administrative Proceedings***

There are no administrative proceedings to report.

#### ***Self-Regulatory Organization (SRO) Proceedings***

There are no self-regulatory organization proceedings to report.

#### ***Registration as a Broker/Dealer or Broker/Dealer Representative***

Neither HA nor its representatives are registered as or have pending applications to become a Broker/Dealer or a registered representative of the foregoing entities.

***Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor***

Neither HA nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

***Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests***

Colton Austin Dillion is part owner and CTO of Hedgehog Technologies, Inc, an internet software company. Hedgehog Technologies is the owner of Hedgehog Advisers, LLC and will supply all the technology and algorithms for Hedgehog Advisers, LLC.

***Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections***

HA does not select third-party investment advisers.

**B. Additional Compensation, Code of Ethics, Client Referrals, and Financial Information**

***Code of Ethics***

HA has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. HA's Code of Ethics is available free upon request to any client or prospective client.

***Recommendations Involving Material Financial Interests***

Conflict of interest situations that arise in connection with the management of the assets of clients will be handled on a case-by-case basis.

Additional Compensation – HA has an existing arrangement with Hopscotch Labs as their primary trading partner. HA will share in the compensation earned by Hopscotch for execution services provided that best execution obligations are met. This compensation structure creates a conflict of interest in that HA will be incentivized to recommend Hopscotch to its Clients. HA mitigates this conflict of interest through disclosure and by ensuring Client trades through Hopscotch comply with best execution principles.

### ***Investing Personal Money in the Same Securities as Clients***

From time to time, representatives of HA may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of HA to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. HA will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### ***Trading Securities At/Around the Same Time as Clients' Securities***

From time to time, representatives of HA may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of HA to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, HA will never engage in trading that operates to the client's disadvantage if representatives of HA buy or sell securities at or around the same time as clients.

### ***Frequency and Nature of Periodic Reviews***

Robo-advisory portfolio management accounts are not reviewed by HA, save for automated allocation revisions. Clients are encouraged to update HA of any change in their objectives, risk tolerance, or other pertinent information. Clients are responsible for the accuracy of their personal and financial information provided to HA. Client's failure to keep their information updated can materially affect the value of the advice and recommendations they receive through HA. Clients can review and update their information via the online interface at any time. HA will notify Clients at least annually to update their pertinent information.

### ***Factors That Will Trigger a Non-Periodic Review of Client Accounts***

Robo-advisory portfolio management accounts do not undergo non-periodic review by HA, allocations will change in accordance with the portfolio management software utilized by HA and changes to the client's profile.

### ***Content and Frequency of Regular Reports Provided to Clients***

Robo-advisory portfolio management clients will receive at least monthly a written report that details the client's account including assets held and asset value, which report will come from the custodian and at least monthly a written report from HA.

### ***Economic Benefits Provided by Third Parties for Advice Rendered to Clients***

HA does not receive any economic benefit, directly or indirectly from any third party for advice rendered to HA clients.

***Compensation to Non – Advisory Personnel for Client Referrals***

HA does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

***Balance Sheet***

HA neither requires nor solicits prepayment of more than \$1,200.

***Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients***

HA does not have any financial condition that would impair its ability to meet contractual commitments to clients.

***Bankruptcy Petitions in Previous Ten Years***

HA has not been the subject of a bankruptcy petition.