

# AQS Management, LLC

## Firm Brochure - Form ADV Part 2A

### Appendix 1, Wrap Fee Program

### Brochure

*This Wrap Fee Brochure provides information about the qualifications and business practices of AQS Management, LLC. If you have any questions about the contents of this brochure, please contact us at (412) 901-7503 or by email at: [vverma06@gmail.com](mailto:vverma06@gmail.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 AQS Management, LLC is also available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). AQS Management LLC's CRD number is: 317432*

299 Prospect Place Suite 3R  
Brooklyn, NY 11238  
(412) 901-7503  
[vverma06@gmail.com](mailto:vverma06@gmail.com)

*Registration does not imply a certain level of skill or training.*

Version Date 02/25/2022

## Item 2: Material Changes

AQS Management, LLC was formed in October of 2021 and is seeking registration as a Registered Investment Advisor (RIA) in the State of New York. AQS Management is required to advise you of our Wrap Fee Program and notify clients of any material changes. Since we are seeking registration as an Registered Investment Advisor, no material changes have occurred.

Additional information about AQS Management, LLC is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website provides information about any persons affiliated with AQS Management, LLC who are registered, or are required to be registered as investment advisor representatives of AQS Management, LLC.

If you would like another copy of this brochure, please download it from the SEC website as indicated on this page one or you may contact Vivek Verma at (412) 901-7503 or email at [vverma06@gmail.com](mailto:vverma06@gmail.com). We encourage you to read this document in its entirety.

## Item 3: Table of Contents

### Table of Contents

Item 1: Cover Page.....	0
<a href="#"><u>Item 2: Material Changes</u></a> .....	i
<a href="#"><u>Item 3: Table of Contents</u></a> .....	ii
<a href="#"><u>Item 4: Advisory Business</u></a> .....	1
<a href="#"><u>A. Description of the Advisory Firm</u></a> .....	1
<a href="#"><u>B. Types of Advisory Services</u></a> .....	1
<a href="#"><u>Investment Supervisory Services</u></a> .....	1
<a href="#"><u>Services Limited to Specific Types of Investments</u></a> .....	2
<a href="#"><u>Subadvisor Services</u></a> .....	2
<a href="#"><u>C. Client Tailored Services and Client Imposed Restrictions</u></a> .....	2
<a href="#"><u>D. Wrap Fee Programs</u></a> .....	2
<a href="#"><u>E. Amounts Under Management</u></a> .....	2
<a href="#"><u>Item 5: Fees and Compensation</u></a> .....	3
<a href="#"><u>A. Fee Schedule</u></a> .....	3
<a href="#"><u>Investment Supervisory Services Fees</u></a> .....	3
<a href="#"><u>Wrap Fees</u></a> .....	3
<a href="#"><u>B. Payment of Fees</u></a> .....	3
<a href="#"><u>Payment of Investment Supervisory and Wrap Fees</u></a> .....	3
<a href="#"><u>C. Prepayment of Fees</u></a> .....	4
<a href="#"><u>D. Outside Compensation For the Sale of Securities to Clients</u></a> .....	4
<a href="#"><u>Item 6: Performance-Based Fees and Side-By-Side Management</u></a> .....	4
<a href="#"><u>Item 7: Types of Clients</u></a> .....	4
<a href="#"><u>Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss</u></a> .....	5
<a href="#"><u>A. Methods of Analysis and Investment Strategies</u></a> .....	5
<a href="#"><u>Methods of Analysis</u></a> .....	5
<a href="#"><u>Fundamental analysis</u></a> .....	5
<a href="#"><u>Technical analysis</u></a> .....	5
<a href="#"><u>Cyclical analysis</u></a> .....	5

<u>Investment Strategies</u> .....	5
<u>B. Material Risks Involved</u> .....	5
<u>Methods of Analysis</u> .....	5
<u>Fundamental analysis</u> .....	5
<u>Technical analysis</u> .....	5
<u>Cyclical analysis</u> .....	5
<u>Investment Strategies</u> .....	5
<u>C. Risks of Specific Securities Utilized</u> .....	6
<u>Item 9: Disciplinary Information</u> .....	7
<u>A. Criminal or Civil Actions</u> .....	7
<u>B. Administrative Proceedings</u> .....	7
<u>C. Self-regulatory Organization (SRO) Proceedings</u> .....	7
<u>Item 10: Other Financial Industry Activities and Affiliations</u> .....	7
<u>A. Registration as a Broker/Dealer or Broker/Dealer Representative</u> .....	7
<u>B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor</u> .....	7
<u>C. Relationships Material to this Advisory Business and Possible Conflicts of Interests</u> .....	7
<u>D. Selection of Other Advisors or Managers and How This Advisor is Compensated for Those Selections</u> .....	8
<u>Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</u> .....	8
<u>A. Code of Ethics</u> .....	8
<u>B. Recommendations Involving Material Financial Interests</u> .....	8
<u>C. Investing Personal Money in the Same Securities as Clients</u> .....	8
<u>D. Trading Securities At/ Around the Same Time as Clients' Securities</u> .....	9
<u>Item 12: Brokerage Practices</u> .....	9
<u>Factors Used to Select Custodians and/or Broker/Dealers</u> .....	9
<u>Brokerage for Client Referrals</u> .....	9
<u>Clients Directing Which Broker/Dealer/Custodian to Use</u> .....	9
<u>B. Aggregating (Block) Trading for Multiple Client Accounts</u> .....	9
<u>Item 13: Reviews of Accounts</u> .....	10
<u>A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews</u> .....	10
<u>B. Factors That Will Trigger a Non-Periodic Review of Client Accounts</u> .....	10

C. <a href="#"><u>Content and Frequency of Regular Reports Provided to Clients</u></a> .....	10
Item 14: <a href="#"><u>Client Referrals and Other Compensation</u></a> .....	10
A. <a href="#"><u>Economic Benefits Provided by Third Parties for Advice Rendered to Clients (includes Sales Awards or Other Prizes)</u></a> .....	10
B. <a href="#"><u>Compensation to Non – Advisory Personnel for Client Referrals</u></a> .....	10
Item 15: <a href="#"><u>Custody</u></a> .....	11
Item 16: <a href="#"><u>Investment Discretion</u></a> .....	11
Item 17: <a href="#"><u>Voting Client Securities (Proxy Voting)</u></a> .....	11
Item 18: <a href="#"><u>Financial Information</u></a> .....	11
A. <a href="#"><u>Balance Sheet</u></a> .....	11
B. <a href="#"><u>Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients</u></a> .....	11
C. <a href="#"><u>Bankruptcy Petitions in Previous Ten Years</u></a> .....	11
Item 19: <a href="#"><u>Requirements For State Registered Advisors</u></a> .....	12
A. <a href="#"><u>Principal Executive Officers and Management Persons; Their Formal Education and Business Background</u></a> .....	12
B. <a href="#"><u>Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)</u></a> .....	12
C. <a href="#"><u>How Performance Based Fees are Calculated and Degree of Risk to Clients</u></a> .....	12
D. <a href="#"><u>Material Disciplinary Disclosures for Management Persons of this Firm</u></a> .....	12
E. <a href="#"><u>Material Relationships That Management Persons Have With Issuers of Securities (If Any)</u></a> .....	12

## Item 4: Advisory Business

### A. Description of the Advisory Firm

AQS Management, LLC is organized in the state of New York. This firm was formed in October of 2021 and is owned by Vivek Verma. Mr. Verma is CEO and CCO. We offer Wrap Fee programs as described in this Wrap Fee Program Brochure. Our Wrap Fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals and risk tolerances.

### B. Types of Advisory Services

AQS Management, LLC (hereinafter "AQS") offers the following services to advisory clients:

#### *Investment Supervisory Services*

AQS offers ongoing portfolio management services and consulting services based on the individual goals, objectives, time horizon, tax status, liquidity needs and assessment of risk tolerance of each client. AQS outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Regular portfolio monitoring
- Market Trading Signals
- Personal investment policy
- Asset selection
- Wrap Fee Program

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

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

AQS generally limits its money management to mutual funds, individual equities, inversed funds, leveraged funds, and ETF/Ns. AQS may use other securities as well to help diversify a portfolio when applicable.

### ***Market Trading Signals***

AQS has strategies which process financial market data using proprietary mathematical algorithms and produces periodic instruction to take action regarding various securities or securities markets to unaffiliated Registered Investment Advisors (RIA's) under a separate license agreement.

Advisor will provide, upon execution of the license agreement, Signals to the unaffiliated Registered Investment Advisor (Licensee) via email. The licensee is under no obligation to market or otherwise utilize the Signals provided by AQS and reserves the right to use or not use the Signal(s), if and when it deems appropriate or desirable in its sole discretion.

These market trading signals may also be provided to unaffiliated and unregistered entities such as individuals and family offices as market commentary only and are in no means an offer to provide financial advise or service of any kind.

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

AQS offers the same suite of services to all of its clients. Each client's current situation (income, tax levels, and risk tolerance levels) are used in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions (which are memorialized in each clients IPS) in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent AQS from properly servicing the client account, or if the restrictions would require AQS to deviate from its standard suite of services, AQS reserves the right to end the relationship.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. By participating in a Wrap Fee Program, you may end up paying more or less than you would through a Non-Wrap fee program where a lower advisory fee may be charged, but trade execution costs may be passed directly through to you by the executing advisor.

Some additional expenses may not be included in the Wrap Fee Program. These may include custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and

securities transactions. These fees are not included within the Wrap Fee Program you are charged by our firm.

#### **E. Amounts Under Management**

AQS has the following approximate assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$ 0.00	\$0.00	October 2021

### **Item 5: Fees and Compensation**

#### **A. Fee Schedule**

##### ***Investment Supervisory Services Wrap Fees***

These fees are negotiable (maximum annual fee 2.50%), depending upon the needs of the client and complexity of the proposed investment strategy and overall situation, and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. The annual fees are negotiable and are pro-rated and paid in arrears on a monthly basis. No increase in the annual fee shall be effective without agreement from the client by signing a new agreement or amendment to their current advisory agreement.

The following Wrap fee schedule is the fees charged by AQS, LLC for the strategies it offers:

Strategy Name	Percentage
Aggressive Equity	2.50%
Risk-Managed Equity	2.00%
Strategic Equity	2.00%
Strategic Equity Plus	2.00%
Multi-Asset	1.50%
Tactical	1.00%

Advisory fees are directly debited from client accounts. Accounts initiated or terminated during a calendar month will be charged a pro-rated fee based on the amount of time remaining in the billing period.



The Client will pay the Advisor an Investment Advisory Fee, at an annual rate no greater than 2.50%. The Investment Management Fee is calculated based on the month-end security valuations as provided by the Custodian. The Custodian will automatically deduct investment Advisory Fees from the Client Account based on client authorization. Client may terminate the Agreement within five (5) business days of signing, without penalty, and with full refund. Deducted fees will be itemized on the custodial statement. All unearned fees are returned to the client at a pro-rata basis. Lower fees and comparable services may be available from other sources.

A maintains an ownership interest through a separate L.P. in N7, which provides research and related services to

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees and Wrap Fees***

Advisory fees are withdrawn directly from the client's accounts at the end of each billing period with client written authorization. Fees are paid monthly in arrears. The account value used in the fee calculation is based on the month-end security valuations as provided by the custodian. AQS will send an invoice directly to the custodian explaining each fee debit, and includes the formula used to calculate the fee.

Client provides written authorization to do so in the Investment Advisory Contract and the custodian account opening paperwork. A Client may request to be billed or invoiced for advisory fees. If AQS and Client agree to such an arrangement, AQS will invoice Client at the end of each billing period using an invoice.

## **C. Prepayment of Fees**

AQS charges advisory fees in arrears. It does not collect fees in advance.

## **D. Outside Compensation for the Sale of Securities to Clients**

Neither AQS nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

AQS 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.

## Item 7: Types of Clients

AQS generally provides management supervisory and institutional consulting services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Limited Liability Companies
- ❖ Families and trusts
- ❖ Institutional Clients

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

AQS's methods of analysis may include fundamental analysis, quantitative analysis, technical analysis and cyclical analysis. Each of these methods may be assessed using quantitative measures, and the weightings of the methods themselves may vary over time.

- a) *Fundamental analysis* involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.
- b) Quantitative analysis is a technique that seeks to understand behavior by using mathematical and statistical modeling, measurement and research.
- c) *Technical analysis* involves the analysis of past market data; primarily price and volume.
- d) *Cyclical analysis* involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

#### *Investment Strategies*

AQS may use long-term trading, short-term trading, short sales, options trading (covered/ uncovered options, spread trades), margin and inverse and leveraged funds. These investments can hold a greater risk and clients should be aware that there is a material risk of loss using any of these strategies. The following strategies are utilized by AQS Management, LLC:

#### *Tactical Fixed Income*

This quantitative fixed-income investment strategy seeks to invest in a diversified portfolio of fixed-income instruments. The portfolio may consist of instruments that take

exposure to high yield, investment grade and foreign debt, floating rate loans, convertible, preferred, low duration and US treasury securities...etc. The strategy is based on an integrated decision making model, which is designed to read the long-term direction of several asset classes and align itself in the same direction, avoiding outlier asset classes moving in an altered direction. The objectives are to protect principal when financial markets are in turmoil and seek higher returns at times of relatively low risk. It trades approximately 2-3 times a year and does not short sell.

### ***Strategic Equity***

This quantitative equity strategy uses a proprietary multi-algorithmic system that blends economic and technical indicators to estimate the probability of lower-risk versus higher-risk market environments. In response, it takes defensive or offensive portfolio positions. In a more favorable lower-risk environment it takes exposure in equities, and in a higher-risk environment it takes positions in US treasuries or lower-risk investment instruments. The strategy trades approximately 2-3 times a year, and does not use leverage or short sell.

### ***Strategic Equity Plus***

This is a leverage version of Strategic equity strategy. This quantitative equity strategy uses a proprietary multi-algorithmic system that blends economic and technical indicators to estimate the probability of lower-risk versus higher-risk market environments. In response, it takes defensive or offensive portfolio positions. In a more favorable lower-risk environment it takes a leverage exposure in equity Index funds and long-term bonds. In a higher-risk environment it takes exposure in long-term bonds only. The strategy trades approximately 2-3 times a year and does not short sell.

### ***Multi-Asset***

This quantitative equity strategy uses a proprietary multi-algorithmic system that blends economic and technical indicators to estimate the probability of lower-risk versus higher-risk market environments. In response, it takes defensive or offensive portfolio positions. In a more favorable lower-risk environment it takes exposure in 70% equities and 30% bonds, and in a higher-risk environment it takes 100% exposure in long-term government bonds or lower-risk investment instruments. On average in a year it has a net equity exposure of 50%. The strategy trades approximately 2-3 times a year

### ***Aggressive Equity***

This Long / Short US equity strategy uses a multi-algorithmic system to guide the implementation of long, short, or neutral positioning. It blends information from fourteen unique models based on market indicators from four disciplines: Momentum, Seasonal Timing, Sentiment and Trend. The strategy trades approximately 12 times a

year, and uses various mutual funds designed to track 2x movements of the Nasdaq 100 Index. It is subject to above average volatility and will likely experience significant drawdowns.

### ***Risk Managed Equity***

This Long / Short US equity strategy uses a multi-algorithmic system to guide the implementation of long, short, or neutral positioning. It blends information from thirty models based on market indicators from disciplines such as: Momentum, Volatility, Overbought / Oversold oscillators... etc. The strategy trades approximately 25 times a year, and uses various mutual funds designed to track 1.5x movements of the S&P 500 Index. It is subject to high volatility and will likely experience significant drawdowns

## **B. Material Risks Involved**

### Methods of Analysis

- a) ***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.
- b) ***Quantitative analysis*** involves risk as the investment strategy may act differently than expected as a result of the model. The construction and implementation of the model can be skewed as it relies on past data and trends.
- c) ***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 work long term.
- d) ***Cyclical analysis*** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

### ***Investment Strategies' Risks***

- e) ***The Investment Methodology Risks*** - trading decisions of the Investment Manager are on a discretionary basis using quantitative, fundamental and/or technical analysis and no assurance can be given that such trading strategies used by the Investment Manager will be successful, or that losses will not occur.

- f) ***License Agreement Risks*** - the Investment Manager relies on several independent third parties for their technologies that are critical to its current quantitative decision models. Should the quantitative models and other market signals covered by the license agreement fail to be delivered or should the license agreement fail to be renewed, the investment strategy would have to be changed, posing considerable risk to future performance. AQS would make every attempt to replace such technology, but there is no assurance that such attempts would result in similar investment performance to the performance using currently licensed technologies.
- g) ***Systems Risks*** - AQS relies extensively on computer programs and systems to trade, clear and settle securities transactions, to evaluate certain securities based on real-time trading information, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of its activities. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by worms, viruses and power failures. Any such defect or failure could have a material adverse effect on the performance.
- h) ***Execution Risks*** - the trading orders generated by strategies may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures or human error attributable to employees, brokers, agents or other service providers. In such events, AQS might only be able to acquire or sell only some, but not all, of the components of such positions. As a result, AQS would not be able to achieve the market position directed by the strategy, and might incur losses.

### ***General Risk of Loss***

Risk refers to the degree of uncertainty and/or potential financial loss inherent in an investment decision. All investments involve some degree of risk of loss. In general, as investment risks rise, investors seek higher returns to compensate themselves for taking such risks. Investments in securities and other financial instruments and products are subject to many types of risk that can cause the permanent loss of capital as a result of adverse market conditions. Clients should be prepared to bear such loss.

#### **General Risks**

- a) **Market Risk** -is the possibility that market prices of securities held will experience losses due to factors that affect the overall performance of investments in the financial markets.
- b) **Non-Diversification Risk** - lack of diversification may result in greater volatility in client portfolio and its market value.
- c) **Stop Loss May Not Be Effective.** The placement of contingent orders by the Investment Manager, such as a "stop-loss" or "stop-limit" orders, will not necessarily limit the portfolio's losses to the intended amounts, since market conditions may make it impossible to execute such orders.

- d) Spread Position May Be Riskier. A “spread” position may not be less risky than a simple “long” or “short” position.
- e) Interest Rate Risk – changing interest rates may affect the value of bonds negatively.
- f) Credit Risk – issuers of bonds or other debt securities may not be able to meet interest or principal payments when the bonds come due.
- g) Credit Quality – lower quality bonds may experience a higher risk of default.
- h) Duration – fluctuations in interest rates may have a greater impact on longer duration assets.
- i) Counterparty Risk – risk that either party to a contract will not meet their respective obligations.
- j) Inflation Risk – the price of an asset, or the income generated by an asset, may not keep up with the cost of living.
- k) Liquidity Risk – particular investments may be difficult to sell at the best price at a particular point in time

### C. Risks of Specific Securities Utilized

AQS generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it may utilize inverse and leveraged funds, which generally hold greater risk of capital loss, have a higher transaction cost, and the potential for short term capital gains. Clients should be aware that there is a material risk of loss using any of those strategies. Reasonable restrictions on security selection and trading will be accepted for all AQS model approaches to investing.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned above).

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Stocks & Exchange Traded Funds/Notes (ETF/N):** Investing in stocks & ETF/N's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding or counter-party bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

**Short-term trading** can be risky and unpredictable due to the volatile nature of the stock market at times. Within the time frame of a day and a week many factors can have a major

effect on a stock's price. Company news, reports, and consumer's attitudes can all have a positive or negative effect on the stock going up or down.

**Inverse Funds** allow investors to make money when the market or the underlying index declines, but without having to sell anything short. The principal risks associated with investing in inverse ETFs include compounding risk, derivative securities risk, correlation risk, and short sale exposure risk.

**Leveraged Funds** is a marketable security that uses financial derivatives and debt to amplify the returns of an underlying index. While a traditional fund typically tracks the securities in its underlying index on a one-to-one basis, a leveraged fund may aim for a 2:1 or 3:1 ratio. Risks include compounding effects associated with the daily leveraged fund rebalancing. This compounding effect can dramatically effect account value.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

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

Neither AQS nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

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

Neither AQS nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

### **C. Relationships Material to this Advisory Business and Possible Conflicts of Interests**

AQS is required to disclose certain financial industry activities and affiliations. Through its Code of Ethics, AQS requires all Investment Advisors to adhere to all State and Federal Securities Laws, firm policies and be properly licensed or registered with the appropriate agency prior to engagement with clients.

Mr. Verma wholly owns American Alpha Partners, LLC. With this entity Mr. Verma primarily provides research data and manages his own personal accounts. Approximately 35% of Mr. Verma's time during market hours is spent in this business. On occasion, he will offer clients products and/or services from this entity.

### **D. Selection of Other Advisors or Managers/Strategists and How This Advisor is Compensated for Those Selections**

AQS does not recommend or select other investment advisors.

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

### **A. Code of Ethics**

We have 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. Our Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

AQS does not recommend that clients buy or sell any security in which a related person to AQS or AQS has a material financial interest.

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

From time to time, representatives of AQS may buy or sell securities for themselves that they also recommend to clients. This provides an opportunity for representatives of AQS 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. AQS will always document any transactions that could be construed as conflicts of interest and will always transact client business before or simultaneous to their own when similar securities are being bought or sold. Trading of affiliates is prohibited from front running or disadvantaging clients.

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

From time to time, representatives of AQS may buy or sell securities for themselves at or around the same time as clients. This provides an opportunity for representatives of AQS 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. To Avoid the conflict of interest, AQS will always transact client's transactions either before or simultaneous to its own when similar securities are being bought and if the same security is traded the same day, client will always receive the better price. Trading of affiliates is prohibited from front running or disadvantaging clients.

### **Item 12: Brokerage Practices**

#### **A. Factors Used to Select Custodians and/or Broker/Dealers**

AQS generally recommends that clients utilize the custody, brokerage and clearing services of TD AMERITRADE Institutional ("TDAI"), a division of TD AMERITRADE, LLC. ("TD Ameritrade"). The Custodian will be chosen based on their relatively low transaction fees, client-matched services and access to mutual funds and ETFs. AQS will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian. AQS receives soft dollar benefits from TD Ameritrade. We believe that the requirement to use TD Ameritrade is in the client's best interest based on the services they provide and the fees they charge

##### ***1. Brokerage for Client Referrals***

AQS receives no referrals from a broker-dealer or third-party in exchange for using that broker-dealer or third party.

##### ***2. Clients Directing Which Broker/Dealer/Custodian to Use***

AQS may allow clients to direct AQS to use a specific broker-dealer to execute transactions on a case-by-case basis. Generally speaking; however, clients are requested to select an AQS recommended custodian (broker-dealer).

#### **B. Aggregating (Block) Trading for Multiple Client Accounts**

AQS maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing AQS the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed as requested by the client and no less than annually by Mr. Vivek Verma, CEO and Investment Advisor.

### **B. Factors That Will Trigger a Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

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

Each client will receive at least quarterly from the custodian, a written statement that details the client's account including assets held and asset value which will come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (includes Sales Awards or Other Prizes)**

Other than soft dollar disclosed elsewhere in this document, AQS does not receive any economic benefit from external sources

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

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

## **Item 15: Custody**

AQS requires clients to use TD Ameritrade Institutional for their securities profiles. AQS does not accept or maintain physical custody of client funds or securities. However, with written authority direct fee deduction is required. Clients should compare the statements received by the custodian with the invoices received from AQS, LLC and promptly notify AQS of any discrepancies. AQS reviews money-handling activity of the client accounts and of the advisor to ensure that custody of client funds is not exercised beyond what is provided for in the Investment Management Agreement irrespective of the terms of the Advisor's Custodial Agreement. In addition, the financial institutions that act as the qualified custodian for client accounts from which the firm retains the authority to directly deduct fees, have agreed to send statements not less than quarterly detailing all account transactions including any amount paid to AQS. Clients will receive all required account statements and billing invoices that are required in each jurisdiction. Clients should carefully review all statements for accuracy.

### **Item 16: Investment Discretion**

For those client accounts where AQS provides ongoing supervision, the client is required to give AQS written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides AQS discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

### **Item 17: Voting Client Securities (Proxy Voting)**

Client will receive proxies directly from the issuer of the security or the custodian. Client may contact AQS with any questions or concerns regarding the Proxy. AQS does not vote proxies.

### **Item 18: Financial Information**

#### **A. Balance Sheet**

AQS does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

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

Neither AQS nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

#### **C. Bankruptcy Petitions in Previous Ten Years**

AQS has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements for State Registered Advisors**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

AQS currently has one management persons/executive officers; Mr. Vivek Verma is Owner and CEO. Mr. Verma's education and business background can be found on the Supplemental ADV Part 2B form.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Mr. Verma is sole owner of American Alpha Partners, LLC. With this entity Mr. Verma primarily provides research data and manages his own personal accounts. Approximately 35% of Mr. Verma's time during market hours is spent in this business. On occasion, he will offer clients products and/or services from these activities.

### **C. How Performance Based Fees are Calculated and Degree of Risk to Clients**

AQS 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.

### **D. Material Disciplinary Disclosures for Management Persons of this Firm**

No management person at AQS or AQS has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

### **E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

Neither AQS, nor its management persons, has any relationship or arrangement with issuers of securities.