

DISCLOSURE BROCHURE

This brochure provides information about the qualifications and business practices of Auxi Asset Management, LLC. This brochure focuses on our Investment Advisory Services. If you have any questions about the contents of this brochure, please contact us at the address or telephone number provided below. 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 Auxi Asset Management, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **EXECUTIVE SUMMARY**

### **About Auxi Asset Management, LLC**

Auxi Asset Management, LLC (“Auxi”) is a registered investment advisory firm (“Advisory”), serving the investment needs of individuals, corporations and institutions such as endowments, pension plans, employee benefit plans and foundations. Auxi is a registered investment adviser with the State of California; however, this does not imply a certain level of skill or training. Information about our qualifications, business practices, portfolio management techniques, and affiliates is accessible via publicly available filings with the Securities and Exchange Commission

(“SEC”) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and in this brochure, which is provided free of charge before or at the time we enter into an advisory agreement with you and annually thereafter.

### **Services We Provide**

Auxi is registered as an investment adviser offering investment management and portfolio management services. We may, directly or through an affiliate, act as a general partner to investment partnerships which may be offered to our Advisory clients. Solicitation activities for investment partnerships are typically made via an offering circular or prospectus and may only be made to clients for whom the partnership interests are deemed suitable. To the extent that an Advisory client invests in an investment partnership in which our firm or an affiliate acts as general partner, the related partnership interests are not held in Advisory portfolios.

## **ADVISORY BUSINESS**

### **Portfolio Managers**

#### **Dale Haithcock**

Mr. Haithcock has over 25 years experience in the financial services and investment management industry. At Auxi, he manages assets for high net worth individuals and corporations. Prior to founding Auxi in 2005 while a Managing Director in the Asset Management Group at Stone &

Youngberg that was acquired by Stifel Fincancial, Mr. Haithcock served in much the same asset management role at FleetBoston Financial, the parent company of the former Robertson Stephens Investment Bank headquartered in San Francisco. As a Managing Director in the Financial Services Division at Robertson Stephens, Mr. Haithcock headed the Asset Management Group, was on the Investment Committee for the firm’s Private Equity Funds, and led the largest private client account manager team. Prior to Robertson Stephens, Mr. Haithcock held senior management positions in the Private Client Departments at Furman Selz/ING Barings, Montgomery Securities, and Credit Suisse First Boston. Mr. Haithcock holds a BA in Economics from the University of California Los Angeles and an MBA from the University of San Francisco with an emphasis in International Finance.

#### **Salim Reshwan**

Mr. Reshwan has over 20 years of experience in investment management and financial services. Prior to founding Auxi in 2005, Mr. Reshwan served in much the same role at FleetBoston Financial, the parent company of the former Robertson Stephens. As a Principal and Senior Financial Advisor at Robertson Stephens, Mr. Reshwan held several management roles in the Financial Services Division. Mr. Reshwan was also a Principal and co-founder of the Private Asset Management Division at Furman Selz/ING Barings, Vice President in the Private Client Group at Montgomery Securities, and served as a Senior Associate at Credit Suisse First Boston.

### **Portfolio Management Programs**

Auxi takes an active approach to investing that combines multiple asset classes and/or sectors into a single portfolio. This approach seeks to take advantage of opportunities across markets resulting in a consolidated portfolio with greater transparency and flexibility. This approach also seeks to improve risk management and control. Auxi may utilize a broad

spectrum of investments including (but not limited to): individual equities, bonds, mutual funds, Exchange Traded Funds (“ETFs”), options, and alternative investments in an attempt to strike a favorable balance of return-seeking and risk-reducing investments in a holistically-allocated portfolio.

Auxi strategies can be used separately or in combination providing diversification and a risk-return balance for clients.

The objectives of all Auxi multi strategy portfolios are:

- Favorable balance of risk versus return
- Macroeconomic investment approach
- Multiple investment strategies
- Opportunistic positioning within markets
- Tax sensitivity

Strategy Descriptions:

Opportunistic Growth - emphasis is on capital appreciation with more exposure to equity markets. Appropriate for clients with a longer time horizon seeking growth and appreciation over preservation of capital.

Moderate Growth - emphasis is on capital appreciation with more exposure to fixed income (bond funds and ETFs). Appropriate for clients with a longer time horizon seeking moderate growth.

Strategic Income - emphasis is on dividend and income yielding equity and fixed income securities. Appropriate for clients seeking income as a component of total return.

Customized - emphasis is on constructing a portfolio in keeping with specific time horizons and investment goals. Appropriate for certain retirement accounts and special situations.

#### **About our Investment Adviser**

Auxi is a registered Investment Adviser with the State of California (as such, “Investment Adviser”). While our Advisory services are primarily focused on discretionary account and/or portfolio management, we may also offer non-discretionary investment advice and assistance with the selection of securities and third party investment advisers. We enter into written agreements with Clients acknowledging our Advisory relationship and disclosing our obligations when acting in an Advisory capacity. Advisory services are provided to individuals, corporations, institutions, pension or profit sharing plans, employee benefit plans, trusts, estates, charitable organizations, other business and government entities, educational institutions, and banks or thrift institutions (“Clients”). We, in collaboration with Clients, establish investment strategies that are appropriate, based on their individual investment goals and financial circumstances. Our Advisory services cover most types of debt and equity or equity-related securities of domestic and foreign companies and national and local government issuers, both that are exchange-listed and over-the-counter including secondary offerings and initial public offerings. Services relating to rights and warrants, securities, options, certificates of deposit, variable annuities, variable life insurance, open and closed-end funds, exchange-traded funds (ETFs), unit investment trusts (UITs), real estate investment trusts (“REITs”), American Depositary Receipts (“ADRs”), foreign ordinary shares, limited partnerships (private and public) are also provided including private equity and alternative investments. Clients may impose restrictions on investing in certain securities or types of securities. More information regarding any securities and/or services offered is available upon request.

#### **Assets Under Management**

As of December 31, 2022, we are managing a total of \$92,500,000, of which \$74,000,000 is discretionary and \$18,500,000 are nondiscretionary.

#### **Material Changes**

There are no material changes since the last filing on March 31, 2022.

No changes were made to our firm’s business structure, operations or management.

#### **Wrap Fee Programs**

As a service to our clients, Auxi offers its Advisory Services on a “wrap fee” basis where clients generally pay one all-inclusive fee that is not based on transactions in the account. We manage accounts enrolled in wrap fee programs with the same level of care as we manage non-wrap fee program accounts.

Auxi typically utilizes Fidelity Investments (“Fidelity”) as the qualified custodian for accounts unless another qualified custodian is chosen by client or a Sub-adviser. When Fidelity is utilized as the custodian, Client will not be charged any commissions or other fees by Fidelity or its affiliates. The client is not separately billed for Fidelity’s fees.

If a separate Qualified Custodian is utilized, other custodial fees and transactions charges may apply.

#### **Securities Transferred Into a Program**

Clients transferring securities into the Program are advised that the securities will generally require liquidation prior to the implementation of the agreed upon investment strategy and allocation. The liquidations will generally commence upon, or shortly after, receipt of the assets by the Custodian and the execution of all relevant account documentation. Other arrangements can be made between the Client and the Advisor to manage the timing of the liquidations based on the Client’s financial circumstances and/or other preferences. Clients may incur adverse tax consequences as a result of these liquidations and are advised to consult with their tax advisor prior to transferring securities into the Program.

Client may specify that certain transferred securities are to be held as supervised non-discretionary assets which require client approval prior to liquidating the position.

#### **Our Responsibilities as an Investment Adviser**

As an Investment Adviser, our firm is held to the legal standards of the Investment Advisers Act of 1940 and state laws where applicable. Such standards include, but are not limited to, fair and equal treatment of Clients, full disclosure of material and potential conflicts of interest, full disclosure of any and all compensation received from Clients or third parties as a result of our relationships with Clients, Client consent prior to engaging in transactions for our own account when dealing with Clients in an Advisory capacity, reasonable basis for believing that investment recommendations are suitable and consistent with Client objectives and goals, including any restrictions placed on us, and reasonable belief that we are acting in the best interest of Clients. Additional information about our fiduciary obligations, including the policies and procedures that we undertake to fulfill those obligations, is available throughout this Brochure.

## Fee Schedule

The minimum annual fee is \$5000 unless other accommodations are agreed upon. The annual fee charged is a percentage of the total value of investments on which advice is provided, agreed upon at the time of establishing the Advisory relationship. The initial annual fee is calculated based on the assets transferred into the Program and/or otherwise managed by the Advisor. For clients with multiple accounts, fees charged are based on the total value of all accounts under management and are not reduced by margin balances or short or offsetting positions and each individual account will be charged its pro-rata share. The fee is billed quarterly in advance, meaning that one fourth of the annual fee is charged each calendar quarter on the first day of each quarter. The initial quarter is prorated based on the number of calendar days from the date of the agreement to the end of the quarter. Each year thereafter, beginning with the first quarter of the next calendar year (January 1), the annual fee is calculated based on the value of investments in the account on the year-end account statement provided by the Client. For assets held away from Fidelity, we may calculate the annual fee based on the most current information available at the time of billing.

Clients have the option of paying the Advisory Fee following an invoice through debiting the Client's Advisory Account, or another non-ERISA brokerage account or pay by check. An alternate billing account may be established and maintained by the Client for the sole purpose of processing fees. These fees are separate and independent from any other charges that may be imposed by the independent custodian holding the Client's assets – see Wrap Fee Program Section.

Clients may grant Auxi the right to deduct fees directly from their brokerage account held at the independent qualified custodian by completing the Advisory Fee Transfer Agreement. In such cases, Auxi will determine the applicable fees, and forward the invoice to the third-party custodian. The third-party custodian does not independently verify Auxi's calculation and, as such, Clients are strongly encouraged to closely review the periodic custodial statements for a listing of the actual fees charged.

When an advisory relationship is terminated, we generally refund Clients the pro-rata amount from the time that the Advisory relationship was terminated to the last day of the quarter.

## Investment Minimums

While Auxi's minimum account size preference is \$500,000, in certain cases, we may accept client accounts which do not meet this minimum as an accommodation to specific clients. In these cases, Auxi may charge advisory fees that are higher than its standard advisory fee ranges. Managed annual advisory fees range between 1% to 2% on assets.

## OTHER ADVISORY SERVICES

Auxi may also provide other Advisory services outside of programs listed above, including as a manager and/or sub-advisor to pooled investment vehicles such as private funds or limited partnerships.

## FEES AND COMPENSATION

### How We Charge For Advisory Services Covered in this Brochure

Fee schedules may be subject to negotiation depending on a range of factors including, but not limited to, account size and overall ranges of services provided. The following payment options may be available to Clients depending on the type of program selected:

### Automatic Debit

The Advisory fee or other applicable charges are deducted from available cash or cash equivalents (if any) including money market funds in the Client's Advisory account on the billing date each quarter. Clients grant our firm discretionary authority to rebalance or liquidate securities in order to generate sufficient funds to cover the fee.

Account statements reflect the fee payment amount.

### Letter of Authorization

At the Client's direction, advisory fees or other applicable charges can be deducted from a separate brokerage account(s) on the billing date each quarter. Clients may elect this option by submitting a Letter of Authorization designating the account to be debited. If the designated account has insufficient funds, we reserve the right to automatically debit the Advisory account to collect the amount due.

### Client Invoice

Each Client receives an invoice on the billing date each quarter and agrees to remit the fee payment promptly. If the fee payment is not received, we reserve the right to automatically debit the Advisory account to collect the amount due. If the fee payment is debited from a qualified plan and funds are received thereafter, the receivable shall be considered a contribution.

## PERFORMANCE-BASED FEES

Auxi does not charge performance-based fees at this time.

## TYPES OF CLIENTS

The Advisory services offered in this Brochure are available to high net worth individuals and their family members, corporations, institutions, pension or profit sharing plans, employee benefit plans, trusts, partnerships, estates, charitable organizations, other business and government entities, educational institutions, and banks or thrift institutions, however our client relationships vary in scope and length of service.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Auxi combines multiple asset classes and/or sectors into a four MultiStrategy Portfolios (Strategic Income, Moderate Growth, Opportunistic Growth and Customized Allocation) which take advantage of opportunities within various markets. Strategies may be used separately or in combination. This multiple-strategy approach is designed to reduce the overall portfolio volatility through diversification and a risk-return balance to investors. To maintain this risk-return balance, we strive to control downside risk in receding markets, even though this strategy may mitigate some upside in rapidly rising markets. Client portfolios are generally designed to be actively managed with a long-term perspective.

In determining the appropriate allocations and/or investments for our Clients, Auxi will use information obtained from various sources including financial publications, inspections of corporate activities, company press releases, research material prepared by affiliates and third parties, rating or timing services, regulatory

and self-regulatory reports and other public sources. In addition, we may also use research provided by independent, third-party sources relating to the economy, sectors, industries, groups of securities and individual companies, statistical information, market data, accounting and tax law interpretations, political developments, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and other information which may affect the economy or securities prices. The research used may be in the form of written reports, telephone contacts and personal meetings with research analysts, economists, government representatives and corporate and industry spokespersons. We use a combination of fundamental, technical, quantitative and statistical tools and valuation methodologies. As a result of these different methodologies, technical or quantitative research recommendations may differ from, or be inconsistent with, fundamental opinions for the same security. We also use computer technology in our investment analysis and to create asset allocation recommendations.

#### **Risk of Loss**

Auxi makes make a number of assumptions during the Advisory process, including when determining an appropriate asset allocation for each Client and/or recommending investments or outside managers. These assumptions may be wrong and, as a result, a Client's projected returns may be less than we anticipated.

Auxi recommends a wide array of investments. Each investment that we recommend will be subject to general market risk, which is the risk that the security's value will decline because of downturns in the general securities markets. The following additional risks may also be applicable to our recommendations:

**Investment Company Risk:** Advisory accounts may be invested in mutual funds as well as other investment companies, including ETFs, UITs and/or closed-end funds (collectively "Investment Company/Companies"). Each Investment Company in a Portfolio may be subject to a variety of risks, depending on its investment strategies and/or securities held in its portfolio. For example, mutual funds that primarily hold a portfolio of small capitalization companies will be subject to small capitalization risks, which may include increased volatility and decreased liquidity (relative to large capitalization companies). Small and medium cap companies face a greater risk of business failure, which could increase a fund's volatility. ETFs shares may trade at a market price that is above or below its net asset value. Different funds may also use investment techniques and financial instruments that may be considered aggressive, including the use of derivative transactions and short selling techniques. The performance of funds (and, therefore, the realized return) will also depend on other factors, including the success of each fund manager's style and investment strategy. Each Client that invests in a fund will also bear a proportionate share of any fees and expenses charged by the fund – higher than expected expenses will reduce a client's realized returns.

**Foreign Securities Risk:** Advisory accounts may invest in foreign securities, directly or through Investment Companies that hold a portfolio of foreign securities. Foreign securities can be more volatile than domestic (U.S.) securities. Securities markets of other countries are generally smaller than U.S. securities markets. Many foreign securities may also be less liquid than U.S. securities, and typically are subject to currency risks. All these factors could affect a fund's price and, therefore, a client's realized return on the investment.

American Depository Receipts ("ADRs") are typically created, organized and administered by a U.S. bank. Generally, these banks charge a fee for their services (e.g., custody) and may deduct these fees from the dividends and other distributions generated from the ADR shares. In addition, banks incur expenses, such as converting foreign currency into U.S. dollars, and as a result may pass those expenses on to the ADR shareholder. These fees

and expenses are in addition to any applicable fees for the specific program in which a Client is invested.

**Fixed Income Securities Risk:** Fixed income securities are subject to credit risk, interest rate risk and liquidity risk. Credit risk is the risk the issuer or guarantor of a debt security will be unable or unwilling to make timely payments of interest or principal or to otherwise honor its obligations. Interest rate risk is the risk of losses due to changes in interest rates. In general, the prices of debt securities rise when interest rates fall, and the prices fall when interest rates rise. Liquidity risk is the risk that a particular security may be difficult to purchase or sell and that an investor may be unable to sell illiquid securities at an advantageous time or price. Investments in government-sponsored entity securities also exhibit these risks, although the degree of such risks may vary significantly among the different government-sponsored entity securities. Some securities issued or guaranteed by U.S. government agencies or instrumentalities are not backed by the full faith and credit of the U.S. and may only be supported by the right of the agency or instrumentality to borrow from the U.S. Treasury.

**Alternative Investments Risk:** Alternative investments, including (but not limited to) investment partnerships, may also present unique risks, such as decreased liquidity and transparency, and increased complexity. Alternative investments typically use derivative instruments (such as, options, futures or index-based instruments). The use of derivative instruments involves multiple risks, including counterparty risk (i.e., the risk that the institution on the other side of their trade will default), as well as the risk that the instrument may not work as intended due to unanticipated developments in market conditions. In addition, to the extent that the alternative investment uses commodities (or commodity-based derivatives) as part of its investment strategy, the investment return may also vary as a result of fluctuations in the demand and supply of the underlying commodities.

#### **DISCIPLINARY INFORMATION**

Auxi and its personnel have no disciplinary events material to the evaluation of our firm.

#### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Not Applicable.

#### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

##### **Code of Ethics**

In addition to our general Financial Code of Ethics which is applicable to all Auxi personnel, our Advisory personnel are also subject to our firm's Investment Advisory Code of Ethics. A copy of the Advisory Code of Ethics is available to Clients upon request. Set forth in the Advisory Code of Ethics are standards reasonably designed to promote honest and ethical conduct, comply with federal securities laws and governmental rules and regulations, maintain privacy of Client information, protect access to nonpublic information, and encourage associates to report any known violations. Such standards include placing Client interests first, avoiding any conflicts of interest, and ensuring that personal securities transactions are conducted appropriately. Management reviews the Code of Ethics annually to ensure adequacy and effectiveness in complying with applicable regulations.

## Personal Trading

Our written supervisory procedures are designed to detect and prevent the misuse of material, non-public information by employees. Our firm and affiliates, directors, officers, stockholders, employees and members of their families may have positions in and, from time to time, buy or sell securities that we recommend to Advisory Clients. Our employees and affiliates may invest in any of our Advisory programs. We prohibit transactions in our proprietary account and the accounts of associated persons in any security that is the subject of a recommendation by our Research Department until the recommendation has been disseminated to Clients and a reasonable time has elapsed following the dissemination. Our directors, officers and employees are prohibited from buying or selling securities for their personal accounts if the decision to do so is substantially derived, in whole or in part, by reason of their employment, unless the information is also available to the investing public or through reasonable inquiry. We maintain and regularly review securities holdings in our firm's proprietary account(s) and the accounts of persons who may have access to Advisory recommendations. We emphasize the unrestricted right of the Client to decline to implement any advice rendered. Additionally, under FINRA Rules, Financial Advisors affiliated with Stifel Financial Corp. ("SF") are prohibited from recommending SF securities except on an unsolicited basis.

## BROKERAGE PRACTICES

Client securities transactions are typically executed through the brokerage firm where the client's account is held. We generally recommend that clients establish a custodial account with Fidelity Institutional Wealth Services, LLC ("Fidelity"). However in certain circumstance, it may be beneficial to Clients to execute through a separate broker-dealer. In these instances, we may enter into prime brokerage service arrangements to be able to execute client trades for certain stock and bond transactions away from Fidelity. Since accounts held at Fidelity are not charged additional fees or commissions (as discussed in Wrap Fee section above) additional brokerage commissions may apply in these situations.

The Advisor will make the decision as to the executing broker-dealer to be used based on a number of factors: the broker's execution capabilities, reputation, knowledge of (and access to) the particular market involved, whether the broker has floor broker or trader capabilities, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers, arbitrage skills, administrative ability, underwriting and provision of information on the particular security or market in which the transaction is to occur and whether the broker-dealer that is capable of providing the best execution. If a transaction is effected with a third-party broker-dealer, the transactions may not always be executed at the lowest available commission rate (when compared to Fidelity); however the Advisor will always seek to obtain the best execution to the benefit of the Client (e.g., better access to securities or overall price improvement).

**No Arrangements to Direct Brokerage** – Currently, we have not entered into agreements or commitments with brokers-dealers pursuant to which we have agreed to direct a specified amount of commissions to the broker-dealer in return for research service. If we do so in the future, directed-brokerage will be done in accordance with "soft-dollar" arrangements subject to the guidance issued in SEC Rule 28e.

## Remuneration for Client Referrals

We may enter into agreements with, or make commitments to, any third parties that refer or introduce clients to the Advisory business

("solicitors"). In the event of payment to a third party, we will disclose the nature of the relationship pursuant to SEC Rule 206(4)-3.

## Execution of Transactions

We evaluate speed and certainty of execution, price and size improvement, and overall execution quality when determining the best way to execute Client orders. Where a Client account is managed by a sub-advisor, it is that sub-advisor's sole responsibility to meet best execution obligations for Advisory Clients. Clients should review each sub-advisor's trading and execution practices carefully. Generally, Auxil relies on Fidelity to provide execution services and has evaluates their performance periodically.

## Aggregation of Trades in Advisory Portfolios

To the extent that the Advisor controls the execution of an order for multiple Advisory accounts, trades may be executed on an agency basis and aggregated ("Block Trade") where possible and when advantageous. Block Trading allows us to execute equity trades in a timely and equitable manner. Large orders that cannot be filled in the same Block Trade or at the same price are averaged to ensure that all Clients' receive the same execution price. A partial fill of a Block Trade may be allocated among Client accounts pro rata to ensure no bias towards any Client. This practice does not extend to new issue or IPO orders.

## Margin

Clients may choose to employ margin strategies in eligible non-retirement, non-custodial accounts. This use of leverage, or investing with borrowed funds, is generally not recommended in Advisory programs; however, may be approved on an exception basis when requested specifically by individual Clients, or for use in specialized strategies. Employing margin strategies in Advisory accounts is a more aggressive, higher risk approach to pursuing investment objectives. Clients should carefully consider whether the additional risks are affordable prior to employing margin strategies due to the potential to experience significantly greater losses than if not employing margin strategies. The risks associated with investing, as well as costs, may be increased when employing margin strategies, and depending upon the return achieved, may make investment objectives more difficult to realize. Clients should understand the risks associated with employing margin strategies, the impact the use of borrowed funds may have on Advisory accounts, and how investment objectives may be negatively affected. Specifically, Clients may lose more than their original investments. Likewise, a positive or negative performance, net of interest charges and fees, is magnified. Gains or losses are greater than would be the case in accounts that do not employ margin strategies. Clients may not benefit from employing margin strategies if the performance of individual accounts does not exceed interest expenses on the loan plus fees incurred as a result of depositing the proceeds of the loan. Certain eligibility requirements must be met and documentation must be completed prior to using leverage in Advisory accounts. Specifically, Clients are required to execute separate margin agreements with the Qualified Custodian.

The amount of the margin loan is not deducted from the total value of the investments when determining account value for purposes of calculating the fee.

## REVIEW OF ACCOUNTS

### Account Review

#### Periodic Reviews

On a monthly basis the portfolio managers review portfolio holdings, position sizes, and industry and sector exposure of the investment vehicles of the investment vehicles implementing the portfolio strategies to ensure that they are in accordance with the specific investment objectives and related restrictions. Clients are instructed to notify Auxi if they wish to make any changes to their investment strategy or restrictions.

#### Portfolio Performance

Clients can receive upon request analyses of their portfolio relative to comparable market indices. Performance information is provided by Morningstar Office and is reviewed for consistency among similar sectors and identifying any unusual variations or inaccuracies. Independent and Affiliated Advisers may also provide quarterly performance reports directly to Clients.

#### Transaction Statements

Clients receive monthly custodial statements that identify buys, sells, dividends, interest, deposits, and disbursements in their accounts during the previous month, as well as itemized positions and the overall market value of the portfolio at month's end.

#### Realized Gain/Loss Summary

Clients receive annual listings of all closed transactions in their accounts during each calendar year, as well as the offsetting cost of each transaction providing realized gains/losses for each closing transaction.

#### Year-end Tax Report

Clients will receive comprehensive 1099 statements issued by the Qualified Custodian by February 15th for the previous tax year. 1099 statements include both reportable and non-reportable information including cost basis for securities that have been sold and additional information to assist with tax preparation.

#### Transaction Confirmations

Clients may elect to receive trade confirmations immediately upon execution in their accounts or receive a monthly summary outlining the transactions posted to their accounts from the Qualified Custodian. The election to receive confirmations immediately or monthly may be changed at any time upon the Client's written notice.

#### Mutual Fund Prospectus

Clients receive a current prospectus for each mutual fund, ETF, and UIT purchased and are delivered by the Custodian.

## CUSTODY

Our platform relies on Fidelity Institutional Wealth Services ("Fidelity") to maintain physical custody of Client assets and provide custodial reports directly to the Client. As a qualified independent custodian, Fidelity complies with the requirements of the Investment Advisors act of 1940. Nonetheless, clients are encouraged to review the statements provided by Fidelity closely and contact their Advisor immediately if they have any questions.

Clients may elect to use their own independent qualified custodian who generally also acts as executing broker for Client services. The decision of the particular custodian and executing broker to use, to the extent a third-party broker-dealer firm is appointed, is solely the Client's decision. By

directing brokerage, we may be unable to achieve most favorable execution of Client transactions and this practice may result in higher costs to Clients. Fees for Advisory services do not cover these additional custodial and execution expenses and Clients are responsible for brokerage commissions, mark-ups, mark-downs and/or other costs associated with transactions effected through or with third-party brokerdealers. In transactions away from an Auxi directed broker-dealer, we cannot guarantee that the prices at which securities are purchased in principal transactions will be based on the prevailing inter-dealer market price. Auxi also does not evaluate the reasonableness of commissions and other charges assessed by third-party brokers mandated by the Client.

## INVESTMENT DISCRETION

Some programs may require Clients to provide us with a limited power of attorney so that account and/or portfolio management services may be provided on a discretionary basis. Discretion is authorized by Clients by signing the Investment Management Agreement and the accompanying Custodial documents at account opening. Discretionary authority is limited to voluntary corporate actions, proxy voting, selection of securities, and the number of shares to buy or sell. Clients may impose reasonable restrictions on our discretionary authority and modify existing restrictions by notifying us in writing. Such modifications are honored after being reviewed and accepted by Auxi.

## VOTING CLIENT SECURITIES

Clients who receive account and/or portfolio management services on a discretionary basis may appoint Auxi to vote proxies on their behalf. Clients may change their proxy voting election at any time upon written notice to us. In voting proxies, we have a fiduciary responsibility to make investment decisions that are in the best interest of Clients and vote Client securities accordingly. As required by applicable regulations, we have adopted policies and procedures to govern the proxy voting process. Our policies provide that, in general, we will vote with management on routine issues, and will vote non-routine issues in a manner calculated to maximize shareholder value. In the event of a conflict between our firm's interests and the interests of our Clients, we may decline to vote a proxy. Our proxy voting policies and procedures are provided to Clients at the time of entry into an Advisory agreement, and are also available upon request.

We do not accept proxy voting authority from clients who receive account and/or portfolio management services on a non-discretionary basis. Such clients generally will receive proxy materials directly from the issuer's transfer agent, and are responsible for voting their own proxies. Auxi generally does not provide any form of assistance in the proxy voting process.

## FINANCIAL INFORMATION

Auxi does not have any adverse financial conditions to disclose.

## Requirements for State-Registered Advisors

Dale Haithcock and Sam Reshwan are the principal executive officers of Auxi Asset Management, LLC and their biographies are listed on page 3 under Portfolio Managers.

**Dale Haithcock**

**Education Background and Business Experience**

Refer to page 3 under Portfolio Managers

Year of Birth: 1962

**Disciplinary Information**

Dale Haithcock does not have any disciplinary history.

**Other Business Activities**

Dale Haithcock does not have any outside business activities that take up a substantial amount of his time or compensation.

**Additional Compensation**

Dale does not receive any additional compensation from 12b-1 fees, service fees or other non-advisory commission transactions for any accounts held at their qualified custodian Fidelity.

**Salim Reshwan**

**Education Background and Business Experience**

Refer to page 3 under Portfolio Managers

Year of Birth: 1968

**Disciplinary Information**

Salim Reshwan does not have any disciplinary history.

**Other Business Activities**

Salim Reshwan does not have any outside business activities that take up a substantial amount of his time or compensation.

**Additional Compensation**

Salim does not receive any additional compensation from 12b-1 fees, service fees or other non-advisory commission transactions for any accounts held at their qualified custodian Fidelity.