

# PROFICIO CAPITAL PARTNERS

## **Brochure** (Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Proficio Capital Partners LLC (“Proficio” or “we”). If you have any questions about the contents of this brochure, advice you have received or if you have any service concerns, please contact Chief Compliance Officer: Peter Kronberg at 617-431-5106 or [pkronberg@proficiocap.com](mailto:pkronberg@proficiocap.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 Proficio is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration with the Securities and Exchange Commission as an investment adviser does not imply a certain level of skill or training.

March 31, 2023

## Item 2: Material Changes

Item 4B *Types of Advisory Services* has been updated to reflect the establishment of three styles of managed portfolios and a fourth client co-managed portfolio.

Item 4B *Types of Advisory Services* (and throughout) has been updated to indicate that Pooled Vehicles are not used to invest in Opportunity Zone businesses.

Item 4B *Types of Advisory Services* (and throughout) has been updated to describe the Pooled Vehicles available to clients.

Item 5A *Fees and Compensation, Description* has been reformatted and descriptions clarified to better describe the different fees of various services and products offered by Proficio.

Item 8A *Investment Strategies* has been reformatted to better describe the four (formerly three) asset categories into which Proficio allocates investments as well as to add a paragraph addressing Proficio's ESG approach.

Item 8C *Material Risks* has an added section on Alternative Asset and Correlation Risk and made minor updates to the *Digital Assets* disclosure.

Item 10C *Affiliations* has added information that Proficio may invest client assets in funds operated and founded by Proficio Partner spouses and the steps taken to mitigate this potential conflict of interest.

Item 11C&D *Participation or Interest in Client Transactions through Pooled Vehicles and Direct Investments* and Item 19E *Relationships with Issuers of Securities* has added information about investment in private equity funds founded by spouses of Proficio Partners that the investments are subject to the usual due diligence, made at or better than market rates and any revenue shares or fee discounts obtained in exchange for seed funding are passed through to Proficio clients.

Item 11C&D *Participation or Interest in Client Transactions through Pooled Vehicles and Direct Investments* deletion of information about a discontinued process to isolate trading certain securities to individual portfolio managers.

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## Item 4: Advisory Business

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### A. Firm Description

Proficio Capital Partners LLC, a Delaware limited liability company was formed on August 6, 2014 (“Proficio” or “we”) to provide discretionary investment advisory services to our families as a private family office. Proficio also offers its services to high-net-worth families and individuals that are not related to Proficio’s senior management. Proficio may also provide comparable services to businesses, foundations, and endowments and to other investment advisors as a sub-advisor. Proficio provides sub-advisory services to privately placed, insurance-dedicated investment funds as well as to Canadian investment advisors. Proficio sponsors, administers, and advises private pooled investment vehicles (“Pooled Vehicles”) to invest in one or more illiquid investments requiring significant capital to purchase, to spread risk, enable exposure at lower investment amounts, and to reduce the administrative burden imposed on Proficio’s clients who would otherwise have to invest directly in the various funds and investments that Proficio recommends. Proficio will obtain client consent to invest client assets in Pooled Vehicles with the initial investment. Robert Haber and Matthew Wosk are the founders and managing members of Proficio. The founders and Members of Proficio, portfolio managers, research personnel, officers, and employees who: (1) have access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings, or (2) are involved in making securities recommendations, executing securities recommendations, or (3) have access to such recommendations that are non-public are defined as Access Persons. Access Persons may invest in Pooled Vehicles and a number are clients of the firm.

Proficio may charge clients management fees for locating and providing an initial review of the underlying investments, monitoring the investments, establishing, administering, and serving as the General Partner or Managing member of the Pooled Vehicles as well as aiding with the liquidation of or individual exit from a Pooled Vehicle.

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### B. Types of Advisory Services

#### Discretionary Investment Advisory Services

Proficio provides highly personalized investment services through its portfolio managers who are assigned to each client. Typically, Proficio will have full discretion over client assets and will invest these assets in accordance with Proficio’s investment processes as described in Item 8. However, Proficio may work in collaboration with knowledgeable clients who want more involvement constructing their portfolios. The extent of client involvement will vary from clients having a veto over individual investments while largely remaining within Proficio’s recommended portfolios to clients that use Proficio’s advice and other services to build their investment portfolios. Prior to advising or making investment allocations on behalf

of a client, Proficio will attempt to learn as much as possible about the client's personal and family situation including the expected financial needs and the anticipated financial needs for the next generations of the client's family. Proficio's portfolio managers will also review the client's current levels of taxation, risk tolerance as well as the other investments that a client may hold, including non-investment assets such as businesses and real estate. This information forms the basis of a holistic evaluation that ultimately results in determining the type of investment portfolio Proficio will manage for the client. Proficio, the portfolio manager and the client will periodically review if the portfolio continues to meet the client's needs. All portfolios Proficio offers are based on a core investment portfolio developed by the Chief Investment Officer and Proficio's research department (please refer to Item 8) and varied accordingly. These are:

- (a) a conservative and income oriented portfolio that may have higher taxes,
- (b) a longer-term growth oriented portfolio adhering closely to the core investment portfolio and implementing Proficio's best tactical and strategic ideas,
- (c) an aggressive version of the general longer-term growth portfolio but with a higher tax burden, and
- (d) a portfolio built in conjunction with clients with reference to Proficio's core investment portfolio and strategies as modified by the client.

Portfolio managers are charged with making the necessary adjustments to meet the client's needs. The portfolio selection informs portfolio manager's decisions with respect to investment selection, asset allocation, implementation, fund selection and investment monitoring. Proficio and its portfolio managers endeavor to always act in the client's best interest when providing discretionary advisory services, serving with the care, skill, prudence, and diligence that a prudent person would use based on the portfolio manager's understanding of the client's investment objectives, risk tolerance, financial circumstances, and other factors without regard for Proficio's interests or the interests of any other party.

Proficio expects to tailor its investment advisory services based on the client's other assets (such as legacy securities and non-Proficio advised assets) owned by its clients. For example, an investment in a Real Estate Investment Trust that buys office buildings may not be appropriate for clients with a portfolio that contains direct investments in office buildings.

Proficio will apply its quantitative and derivative experience to client needs and may create customized hedges or other sophisticated transactions to address specific portfolio issues on behalf of its clients to seek to gain or mitigate exposure in the market for groups of clients where other methods are not as practical (for tax or other reasons). Institutional clients will have access to the full range of services provided by Proficio and in certain situations Proficio may serve as their external Chief Investment Officer and investment staff. Proficio will not develop the same holistic understanding or assign a portfolio type for institutional clients as it does with individuals and families but will operate within the investment parameters established with the client.

Proficio will consider investments that are generally liquid (for which a market exists) and less-liquid investments such as hedge funds with redemption restrictions, provided that any restrictions do not exceed 90 days (with 45 days prior notice and payment within 5 to 10 days after the restriction period). Proficio will also consider investments for its clients subject to redemption restrictions for periods greater than 90 days depending on the client's tolerance for risk and ability to withstand the long periods of illiquidity of portions of their portfolio. For certain clients Proficio may recommend illiquid investments such as hedge funds, private equity, real estate, and Opportunity Zone investments (as described below) on a case-by-case basis especially where the client has requested exposure to higher-risk, illiquid assets. In addition to direct investment by clients in these types of investments, Proficio has created Pooled Vehicles that make multiple investments in long-term, illiquid, higher risk assets as well as alternative investments (such as music royalties) that have varying degrees of illiquidity. Certain of these Pooled Vehicles are intended to be held for up to ten years, and possibly longer than that if the investments do not perform as expected while others are redeemable twice a year or quarterly depending on the share class.

#### Pooled Vehicles

- A. Single Investment Pooled Vehicles: The Single Investment Pooled Vehicles that Proficio sponsors will invest in private investments that are considered illiquid (subject to restrictions of more than 90 days and for which a limited market exists) that are only available to accredited investors. Proficio will analyze and review these investments to determine if they are suitable for a Pooled Vehicle. Clients may invest with Proficio in a Pooled Vehicle after they and their advisers have conducted due-diligence and review of the investment, fees, and Pooled Vehicle disclosure documents. Generally, a Single Investment Pooled Vehicle will hold one or a limited number of investments (such as subsequent classes of interests issued after the initial investment). Proficio may not form a Pooled Vehicle using assets purchased from its clients, their families, or affiliates of Proficio.
- B. Multiple Investment Pooled Vehicles: Proficio will designate a portfolio of investments to achieve a specific objective (for example an alternatives fund to perform in market environments where fixed-income investments are underperforming). When appropriate to save on administrative and transaction costs, Proficio will acquire these investments through a limited partnership or limited liability company and allocate a percentage of the limited partnership or limited liability company to participating clients. Clients will approve the investment through an initial subscription and thereafter Proficio may allocate Client assets in accordance with changes in the strategy to achieve the Vehicle's objective, the Model Portfolio (See definition Item 8B) and the Client's needs. Pooled Vehicles may contain long-term investments with limited liquidity or may contain underlying investments that allow it to offer more frequent redemption periods such as quarterly.

Clients may not have access to all investment opportunities that Proficio's founders and Access Persons invest in. Proficio serves as investment adviser and General Partner of the Pooled Vehicles. See Item 15. Custody.

#### Opportunity Zone Investments

Opportunity Zones, added to the United States Internal Revenue Code by the Tax Cuts and Jobs Act on December 22, 2017, are economically distressed communities where new investments, under certain circumstances, may be eligible for preferential tax treatment. Localities are designated as Opportunity Zones after nomination by the state and certification by the Internal Revenue Service. Proficio has invested client assets, where appropriate, in certain Qualified Opportunity Zone Funds. Investors must remain invested in a Qualified Opportunity Zone company for at least ten years to take advantage of the tax benefits and should not expect to liquidate their investment without a substantial discount independently of the planned exit of all the investors or prior to the ten-year holding period.

#### Legacy Securities

From time to time, clients may ask Proficio to acquire or dispose of a specific publicly traded security for their account. Upon written direction, Proficio will acquire or dispose of the security for the client's portfolio but without specific directions from the client, Proficio will not acquire or dispose of publicly traded equity securities on behalf of its clients.

In certain instances, clients will already hold publicly traded securities in their portfolios that they are unwilling to sell; or where the sale would cause them substantial tax liability. In these situations, Proficio will monitor the holdings and may recommend when the client should consider selling the security based on the client's personal situation, their portfolio diversification needs, risk tolerances, financial, investment needs and other considerations (such as to offset tax gains). Proficio may suggest actions to be taken with respect to the security, but it will generally not have investment discretion and ultimately, the client will have to direct or approve any transaction. Proficio will take the client's legacy holdings into account when making other discretionary investment decisions with respect to the client's portfolio.

#### Structured Notes

At the client's request, Proficio may review, price, and facilitate the purchase of certain structured notes for one or more clients. Proficio may also acquire structured notes in certain Pooled Vehicles where consistent with the Pooled Vehicle's investment requirements. Structured notes are debt securities issued by financial institutions that offer a return based on underlying securities, interest rates, commodities, or currencies. In some cases, a group of sophisticated clients will purchase a structured note jointly, relying on Proficio's coordination to obtain better pricing. Proficio will only recommend structured notes based on passive index ETFs. Clients will have to specifically request structured notes with single name equities. Notes based on single name equities are not made available to all clients and are not subject to Proficio's Chief Investment Officer and research staff review. When

purchased for sophisticated clients in this fashion, structured notes will not receive a suitability review that discretionary assets receive. See Item 8 for structured note risk factors. Clients are required to periodically acknowledge the risk of structured note investments in writing. It is not necessary for a Proficio Partner or their family to invest in structured notes in these instances.

#### Initial Public or Follow-on Offerings

From time-to-time Proficio may have the opportunity to purchase shares in initial public offerings, follow-on offerings, or block trades on behalf of its clients. Due to the limited number of shares typically available, Access Persons may not participate in such offerings. Proficio will allocate the offering shares among its clients that have authorized Proficio to participate on their behalf and who are not otherwise prohibited from participation. Proficio will base each client's allocation on the percentage of total assets under management of the client's account with Proficio. When four or more clients are participating in an offering, no client, despite its size, will receive over 50% of the total offering allocated to Proficio. Proficio will allocate shares with "trade away" and other costs in mind. For example, if a client receives a small number of shares based on the foregoing process and a sale will incur an excessive trade away commission that may significantly reduce or eliminate any profit from the trade, then Proficio may in its sole discretion skip the allocation as not cost-effective and direct the allocation to another client. In some cases, it may be appropriate for one or more clients to hold an initial public offering for longer periods than other clients and in accounts that Proficio does not manage. Proficio may use that factor in determining the allocation those clients receive. For small allocations, generally under \$150,000, Proficio has determined that the costs of the trade and the associated risk do not justify splitting the trade among a group of clients. In that case, the entire allocation will generally be allocated to the privately placed, insurance dedicated fund Proficio sub-advises. Proficio has determined that the risks associated with Special Purpose Acquisition Companies (SPAC) shares make them unsuitable for most clients. However, Proficio will acquire SPAC shares for the insurance dedicated fund that it sub-advises and for certain clients on the client's direction.

Proficio does not provide legal or tax advice but will work together with a client's legal and tax advisors when warranted.

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#### C. Wrap Fee Programs

At the current time, Proficio does not participate in any wrap fee programs.

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#### E: Client Assets Under Management

As of December 31, 2022, Proficio managed assets in the amount of \$2.9 billion on a discretionary basis. Proficio managed \$231 million on a non-discretionary basis.



## Item 5: Fees and Compensation

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### A. Description

For its advisory and management services, Proficio will base its management fees upon a percentage of a client's assets under management. Each client will pay a quarterly management fee in arrears of up to 0.25% (1.0% per annum) of the client's average account balance calculated as of the last business day of each quarter.

Pooled Vehicles Proficio charges Pooled Vehicle clients an investment management fee of up to 1.0% per annum, paid quarterly or monthly in arrears. Proficio may also charge certain Pooled Vehicle clients an annual performance allocation or fee of up to 10% of the net realized and unrealized capital appreciation measured over an agreed upon period (generally when the instrument provides a return or matures) and may involve a target or hurdle for the increase in value depending on the structure. Proficio will not double dip the management fee but will charge clients either at the Pooled Vehicle level or an investment management fee based on the client's total assets under management with Proficio. Clients holding interests in Pooled Vehicles will be required to contribute to the Pooled Vehicle's expenses (which may include expenses such as accounting, administrative costs, legal, insurance and organizational expenses). Proficio may offer different classes of Pooled Vehicle interests with different fees. For example, a seed investor may receive a lower fee, or certain investors that are solely Pooled Vehicle clients may pay different management and performance fees. The investment adviser and Proficio reserve the right to waive administrative costs for Pooled Vehicles or to establish new Pooled Vehicles or share classes of Pooled Vehicles with higher or lower fees or performance allocations.

Sub-Advised Privately Placed, Insurance Dedicated, Pooled Funds Clients pay a management fee from which the fund advisor and Proficio, the sub-advisor, are paid. Fees vary depending on the class of interests offered. The management fee for the Proficio Capital Strategic Opportunities IDF and the Proficio Uncorrelated Fund varies depending on the class with Class A-1 paying an initial fee of 0.50% per annum and classes A-2 and A-3 paying 1.00% per annum on the net asset value in the series. If the amount of assets under management in Class A-1 is \$75 million or more, the Class will not pay a management fee to Proficio. Class A-3 pays an annual incentive fee of 10% of net new profits as of the last calendar day of the year. Net new profits are the sum of realized and unrealized profits and losses for the year plus losses, if any, carried forward from prior years until recouped. An investor in Class A-3 may pay an incentive fee on unrealized profits that are never realized. Unlike the management fee, Proficio receives the entirety of the incentive fee. Fees for the Proficio Capital Strategic Opportunities IDF are charged monthly in advance (at the per-annum rate divided by 12). Proficio Uncorrelated Fund fees are charged quarterly in advance.

Special Services In certain situations, clients have asked Proficio to provide special services, such as investing certain assets in a specific category of securities. Proficio may charge these clients a sliding fee based on portfolio returns from a low of 0% up to a maximum of 1.5%. Proficio reserves the right to negotiate its management fees based on certain factors such as (but not limited to) the size of the investment, certain unique aspects of the account, unique portfolio structures such as a rolling certificate of deposit portfolio or the provision of special services to account holders. Fees for these portfolios may range from a low of .15% to a maximum of 1.5% quarterly. Management fees for those clients that entrust their retirement plan assets to Proficio are up to 0.25% (1.0% per annum) of the client's account balance calculated as of the last business day of each quarter and are charged in arrears. As for all its clients, regardless of whether they invest retirement funds, Proficio receives no payments from third parties other than the soft dollar benefits as disclosed in Item 12 A. 1 below.

Performance-based fees are charged in accordance with 17 C.F.R. 275.205 and or Section 205 of the Investment Advisors Act.

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## B. Fee Billing

Proficio deducts management fees from its advised client's assets annually or each quarter. Proficio will send each client an invoice on a quarterly basis for the management fee owed to Proficio unless the client has requested another arrangement. Clients may then direct Proficio to obtain payment from their account or remit the management fee to Proficio in some other fashion. If a client does not object to an invoice within a certain period Proficio may seek payment directly from the client's custodian provided the client has made appropriate arrangements with their custodian. All Proficio advised clients pay their fees in arrears (but see sub-advised insurance dedicated funds below). Should the clients terminate Proficio's services prior to the end of the billing quarter, Proficio will calculate the total gross value of all the account assets over which Proficio had investment discretion, without reflecting deductions or offsets from margin assets, minus cash or other negotiated exemptions and multiply that amount by the quarterly fee and then prorate the fee by the number of days to cover only that portion of the calendar quarter for which Proficio managed the assets. Pooled Vehicle investment management and administrative fees will be charged in arrears and withdrawn as authorized in the limited partnership or limited liability operating agreement. Pooled Vehicle performance allocations will be withdrawn pursuant to the Pooled Vehicle's structure which vary from quarterly to when the underlying investment provides a return or matures. Any fees withdrawn from Pooled Vehicles will appear in the audited financial statements (prepared in accordance with GAAP) that are sent to all investors in the Pooled Vehicle annually (For further information, see Item 13C).

Privately placed, insurance dedicated, pooled fund clients pay fees to the advisor of the fund and the advisor pays Proficio a sub-advisory fee. Advisory fees are paid monthly in advance. Incentive fees are paid annually on the last calendar day of the year or quarterly as of the last calendar day of the quarter. Investors in share classes

with an incentive fee (Class A-3) pay a pro-rated incentive fee on the funds that are withdrawn during the year. An investor in this share class may pay an incentive fee on unrealized profits that are never realized.

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#### C. Other Fees and Expenses

All custodian fees, brokerage commissions, stock transfer fees and other similar charges incurred in connection with transactions for client accounts, including, without limitation, any wire transfer fees, fees associated with any money market mutual funds holding cash, fees associated with a client's special service requests and other fees that may be charged by a client's custodian or any broker-dealer, are payable by Proficio's clients and are in addition to the fees paid to Proficio. In certain cases, the client will also pay for a data platform providing analytics and portfolio reporting. Please refer to Item 12 for disclosure regarding brokerage practices. In addition, to the extent that Proficio invests client assets in any mutual, hedge, closed-end fund, ETF, separately managed account or other investment vehicle, the client will bear additional expenses imposed by the mutual, hedge, closed-end fund, ETF, separately managed account, or other investment vehicle, such as management fees, fund organizational expenses, brokerage commissions and other fees and expenses incurred. In certain instances, Proficio may be able to negotiate attractive fee discounts based on the buying power obtained through the volume of its client's assets.

Pooled Vehicles sponsored by Proficio will bear certain expenses, including organizational expenses, initial and ongoing offering expenses, operating expenses, legal, accounting and auditing expenses (Pooled Vehicles are audited annually by a PCAOB registered auditing firm), brokerage expenses, fiscal or government charges and any performance fees/allocations associated with such Pooled Vehicle. Proficio does not allocate its overhead expenses (such as rent or research costs) to Pooled Vehicles it manages. Proficio will allocate certain of the administrative and operating expenses to investors as disclosed in the Pooled Vehicle's offering documents.

Privately placed, insurance dedicated, fund investors bear the costs and expenses associated with the funds and any underlying investments including all fees associated with the underlying investments.

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#### D. Fees in Advance

None of Proficio's directly advised clients are required to pay any fees in advance. Clients invested in privately placed, insurance dedicated, pooled funds where Proficio serves as the sub-adviser pay their fees to the fund's adviser in advance.

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#### E. Securities Compensation

Neither Proficio nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

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

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### **Sharing of Capital Gains**

In addition to its management fee, Proficio charges investors in certain share classes invested in its Pooled Vehicles a performance allocation, fee or “carried interest charge” of up to 10% of the net realized capital appreciation that in some cases is subject to a target or hurdle of 8% for the increase in value. These are paid when the investment is redeemed or liquidated and can be subject to a claw back. Proficio serves as the sub-advisor to Class A-3 of a privately placed, insurance dedicated, fund that will pay an annual incentive fee of 10% of net new profits as of the last calendar day of the year. Net new profits are defined as the sum of realized and unrealized profits and losses for the year plus losses, if any, carried forward from prior years until recouped. An investor in Class A-3 may pay an incentive fee on unrealized profits that are never realized since they pay the fee annually and upon withdrawal.

Proficio and certain clients have established separate fees for accounts that contain a specific type of investment. Certain of these accounts with simple structures pay as little as .15%. Others involving minimum return hurdles where the client does not pay Proficio when the account returns less than the hurdle, have graduated fees. For example, if the account earns less than 1% there is no fee. If the account earns up to 3.5%, Proficio is paid .5% of the assets managed. For each 100 basis points above 3.5% earned in this type of account, Proficio will receive a fee of an additional .2% of the assets under management up to a maximum fee of 1.5% of the assets in the account.

Pooled Vehicle investors and investors that have accounts with return hurdles or performance fees should be aware that a performance-based fee arrangement may create an incentive for Proficio to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Pooled Vehicle investors should also be aware that management and Access Persons of Proficio invest their assets and those of their families in the Pooled Vehicles. This may result in Proficio investing less aggressively than it might invest were Proficio management and Access persons were not joining in the investment. As a result, Pooled Vehicle investors may incur lost opportunity costs should they choose a Pooled Vehicle rather than a more aggressive investment with potentially higher returns (albeit also higher risk).

Clients that do not pay incentive fees should be aware that Proficio may have an incentive to favor accounts that pay incentive fees because of the potential of additional compensation for Proficio.

Proficio addresses potential conflicts of interest with policies to seek to ensure all clients receive fair treatment in line with their respective investment strategies, objectives and restrictions, cash position and other objective criteria.

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

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### Description

Proficio provides discretionary investment advisory services to high-net-worth individuals and their families and to the advisor of privately placed, insurance dedicated, funds that only market to high-net worth clients. Proficio also provides advice as a sub-adviser to a Canadian investment adviser as an unregistered foreign adviser in Ontario. Proficio provides investment advisory services to certain of the Pooled Vehicles it sponsors. Proficio also provides investment advisory services to businesses and institutional clients where these entities are linked to the families or individuals Proficio serves or where this type of client expresses an interest in the advisory services that Proficio offers.

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### Account Minimums

Proficio will have a minimum initial investment from clients of at least \$10,000,000, although Proficio may accept lesser amounts in its sole discretion. Each investor in any pooled investment vehicle sponsored by Proficio or its affiliate must be at least an “accredited investor,” as defined in Regulation D under the Securities Act of 1933, as amended, and in some cases a “qualified client,” as defined in Rule 205-3 under the Investment Advisers Act of 1940, as amended. Certain Pooled Vehicles may require investors to satisfy the higher standard of a “qualified purchaser” pursuant to Section 2(a)(51) of the Investment Company Act of 1940 to qualify the offering of interests under the exclusion pursuant to Section 3(c)(7) of the Investment Company Act of 1940. Exceptions may be made for direct family members of clients that meet these criteria but who may not meet the standard individually. Care is taken that these individuals receive the assistance of a purchaser representative who is financially sophisticated and capable of evaluating the merits and risks of the Pooled Vehicle investment.

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

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### A. Methods of Analysis Core Portfolio and Pooled Vehicles

Proficio’s Chief Investment Officer with Proficio’s research department (including third parties that provide analysis and due diligence) will employ

quantitative analytics, fundamental research, and technical analyses in researching and implementing its investment strategies.

Proficio's review also includes an examination of an investment's correlation to major equity and fixed income indices. Based on the historical correlation as well as statistical T-Test results, Proficio will categorize the investment in one of four asset categories (See Item 8B).

Proficio also considers macro-economic factors, including interest rates, credit environment, rating agency announcements and market sentiment. Quantitative and qualitative factors are weighed against the risk/reward of various investment options to arrive at Proficio's investment view. Proficio also uses a variety of external research sources, services, and analytics to formulate, support and execute its investment strategies. Proficio conducts due diligence on the managers and results of mutual, hedge and closed-end funds, ETFs, separately managed accounts, or other investment vehicles that it uses to manage client assets. Proficio has developed models to analyze data acquired from external research sources to support and execute its investments including a model to invest in Digital Assets (as defined below).

Proficio's Chief Investment Officer and research department conduct due diligence on one-of, illiquid investments including, private equity investments, mining and mineral royalties, cargo ships or Opportunity Zone businesses on a case-by-case basis. These investments may complement investments in the core investment portfolio and are subject to, where applicable, the quantitative and technical analysis described above.

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## B. Investment Strategies

Proficio expects to allocate client capital into four asset categories based on the client's risk tolerances, objectives, specific constraints, and the information developed by Proficio about the client and their bespoke investment needs:

1. alternative investments, are investments that are negatively correlated to equities, are long on volatility and are expected to earn most of their return when equity markets underperform. This category may also include investments that generate high enough investment returns during low volatility environments but may have a slight positive correlation to other asset classes.
2. equity derivatives, equity funds (including ETFs, separately managed accounts, Hedge, Mutual funds, and closed-end funds including those that invest in the securities of private companies (including start-ups) and periodically engage in public offerings) and non-publicly traded equity securities,
3. fixed income securities and fixed income derivatives (including ETFs, separately managed accounts, Hedge and Mutual Funds). When projected fixed income investment returns fall below certain levels, Proficio expects to increase reliance

on alternative investments to balance portfolio returns when equity markets underperform, and

4. hard currency including gold, gold miners, mining royalties, silver, silver miners, structured notes based hard currencies, platinum, and U.S. dollar shorts. This category may include Bitcoin, Ether and other decentralized application tokens and other cryptofinance coins, tokens and digital assets and instruments that are based on blockchain, distributed ledger or similar technologies (collectively and individually, “Digital Assets”).

Proficio will seek investments from these categories that Proficio believes maximize portfolio diversification, tax efficiencies, bear the lowest fees (other things being equal) and provide the maximum risk-adjusted return and Proficio’s Chief Investment Officer, with the assistance of Proficio’s research department, will periodically generate a list of approved investments.

On a periodic basis, but no less than monthly, Proficio’s Chief Investment Officer will recommend a core investment portfolio based on current market conditions, the relative weighting of each investment and asset class on the expected return, the correlation between the enumerated asset categories (both mathematically and economically) as well as the results of Proficio’s research and due diligence program (as described below) from the securities on the approved investment list. Portfolio managers will orient individual portfolios to the appropriate investment portfolio based on each client’s specific portfolio diversification needs, risk tolerances, financial, investment needs and tax consequences. See Item 4B(a) – (d) Types of Advisory Services for a description of the category types. The core investment portfolio serves as a template for the investment portfolios offered to clients. In the event Proficio determines that a client should purchase or sell a security for a client-specific reason (e.g., tax harvesting), Proficio may replace such security with a comparable security bearing the same characteristics from the approved list. Proficio’s Partners and their families will generally invest in each investment included in the approved list if a client invests in the security. Proficio’s Partners and their families are not expected to invest in securities that are not in the core portfolio or on the approved list.

Investing in the securities markets involves significant risk, including the risk of loss of some or all an investment. Any Proficio client and investors in Pooled Vehicles should be prepared to bear this risk. Proficio does not intend to acquire publicly traded equity securities on behalf of a client unless a client specifically directs a purchase.

#### Environmental, Social & Governance (ESG)

Proficio’s investment process focusses on wealth preservation and after-tax, after-fee, risk adjusted returns. Investments that fit within Proficio’s investment process and also happen to provide an ESG benefit would be favored only if expected returns and the risk reward profile were as good or better than non-ESG investments.

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## C. Material Risks

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing involves risk of loss. Different types of investments carry varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal. Because of the inherent risk of loss associated with investing, Proficio cannot represent, guarantee, or even imply that its services and methods of analysis can or will predict future results or successfully identify market tops or bottoms. Proficio attempts to insulate clients from losses due to severe market corrections or declines but it cannot guarantee that its efforts will meet with success and as a corollary, these efforts may limit the upside that a portfolio may enjoy during periods of market exuberance. There are certain additional risks associated when investing in securities through Proficio:

Market Risk Either the market, or the value of an individual investment or index, goes down resulting in a decrease in the value of the portfolio. This is also referred to as systemic risk.

Fixed Income Risk When investing in bonds, or in funds or separately managed accounts that invest in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

Alternative Asset and Correlation Risk Alternative and uncorrelated investments may not be uncorrelated or alternative. While Proficio reviews asset classes historically on a 5-year and a 50 – year basis using quantitative analytics, research, technical analysis and examines the investment’s correlation to major equity and fixed income indices, the resulting finding that the investment is uncorrelated and an alternative investment may change as the comparison set may change, the investments may change in response to a wide variety of factors that are not under Proficio’s control, the research may have been wrong or Proficio failed to properly interpret data outputs when making its determination. There can be no assurance that the alternative, uncorrelated investment will function as expected.

Options Risk Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put, and call options are highly specialized activities and entail greater than ordinary investment risks.

ETF, Separately Managed Accounts, Mutual, Closed-End and Hedge Fund Risks When Proficio invests in an ETF, separately managed account or a fund, clients will bear additional expenses based on the separately managed account fee or the client’s pro rata share of the ETFs or fund’s operating expenses, including the potential duplication of management fees. The risk of placing assets in a separately managed account or owning an ETF or fund generally reflects the risks of owning the underlying securities in the account or that the ETF or the fund holds. Clients will



also incur brokerage costs in a separately managed account and when purchasing ETFs. Certain hedge funds and separate account managers may have penalties or restrictions that discourage withdrawals of assets invested with them prior to a certain period.

Management Risk A client's investment with Proficio varies with the success and failure of Proficio's investment strategies, research, analysis and determination of the client's portfolio and the accuracy of the information Proficio has developed about the client as well as the success or failure of the third-party managers of any separately managed accounts that Proficio will use to obtain certain types of market exposure for its clients. If Proficio's investment strategies do not produce the expected returns, the value of the client's investment will decrease.

Equity (stock) market risk Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If Proficio directs certain assets into a separately managed account that acquires equities or Proficio holds legacy stock for a client, or a client has directed Proficio to acquire common stock on their behalf, or Proficio invests client assets in common stock equivalents of any given issuer, the investment will generally be exposed to the same or even greater risks (in the case of derivatives and equivalents) than if Proficio had acquired preferred stocks and debt obligations of the issuer. In certain cases, in Pooled Vehicles Proficio manages,

Portfolio Turnover In some cases, the investment strategy, or Model Portfolio that Proficio may suggest may involve frequent investment transactions. Frequent trading of securities can affect investment performance, particularly though increased brokerage and other transaction costs and taxes. Increased turnover of a client's investment portfolio and the associated higher brokerage commission expenses may significantly exceed those of other portfolios of comparable size.

Key Personnel The investment performance of Proficio's clients will depend on Proficio's key personnel, including its Chief Investment Officer, Robert Haber. There are no assurances that Proficio will continue its operations or that key personnel will continue to provide investment management services to Proficio.

Digital Assets Proficio invests in Digital Assets through investment vehicles (a trust) and not directly. Digital Assets are subject to the same limitations on concentration in discretionary client portfolios as other investments (generally not more than 3% of a client's assets).

Digital Assets are held in custody by the custodian for the investment vehicles that Proficio invests in and Proficio expects the custodians to take such steps as they determine are necessary to maintain access to applicable private keys to "storage wallets" and to prevent exposure to hacking, malware and general security threats, but there can be no assurance that such steps will be adequate to protect such keys or the Digital Assets from such threats or that there will be no failure or penetration of the applicable security systems. Wallet providers do not indemnify the client against losses.

There also can be no assurance that, to the extent the investment vehicles utilize third-party custodial services, such third parties maintain required certifications with the Securities and Exchange Commission or other regulatory agencies, the loss of which could cause such custodians to not be deemed qualified custodians by various regulatory agencies. Digital Assets are loosely regulated and there is no central marketplace for currency exchange. Supply is determined by a computer code, not by a central bank, and prices have been extremely volatile. Digital Asset exchanges have gone bankrupt, been closed due to fraud, failure or security breaches and any Digital Assets that reside on an exchange that shuts down may be lost. Several factors may affect the price of Digital Assets, including, but not limited to supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates, overall market sentiment or future regulatory measures that restrict the trading of Digital Assets or the use of Digital Assets as a form of payment. There is no assurance that Digital Assets will maintain their long-term value in terms of purchasing power in the future, or that acceptance of Digital Asset payments by mainstream retail merchants and commercial businesses will continue to grow. Digital Assets are created, issued, transmitted, and stored according to protocols run by computers in the Digital Asset network. It is possible these protocols have undiscovered flaws which could result in the loss of some or all assets. There may also be network scale attacks against these protocols which result in the loss of some or all of assets managed by Proficio. Some Digital Assets may be created, issued, or transmitted using experimental cryptography which could have underlying flaws. Advancements in quantum computing could break the cryptographic rules of protocols which support the assets. Proficio cannot guarantee the reliability of the cryptography used to create, issue, or transmit Digital Assets. Digital Asset Trading is Volatile and Speculative. Digital Assets represent a speculative investment and involve a high degree of risk. As relatively new products and technologies, Digital Assets have not been widely adopted as means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of the demand for Digital Assets is generated by speculators and investors seeking to profit from the short- or long-term holding of Digital Assets. The relative lack of acceptance of Digital Assets in the retail and commercial marketplace limits the ability of end-users to pay for goods and services with Digital Assets. A lack of expansion by Digital Assets into retail and commercial markets, or a contraction of such use, may result in increased volatility.

Location and Infrastructure Risk Proficio and its key personnel are physically located in one building in Newton, Massachusetts. Damage to or loss of the building and/or the key personnel, whether through fire, terrorist action, earthquake, or some other catastrophic event, might adversely affect Proficio's operations however, like many businesses, Proficio has leveraged its existing web-based structure during the pandemic to enable it to operate remotely. A more serious risk would be an area wide extended loss of internet and power. Similar risks may apply to Proficio's trading partners and key suppliers of its research, trading, communications, and information technology infrastructure. Proficio has a disaster recovery procedure which it

believes may mitigate or even eliminate some or all of these risks but there can be no assurance the procedure will work in all cases and address all possible situations.

Custodian and Counterparty Risks All investors are subject to the risk of the inability of their custodians, brokers and dealers and counterparties to safeguard assets or to perform with respect to transactions, whether due to bankruptcy, insolvency, or other causes. There is a risk that any of such institutions could become bankrupt or insolvent. The bankruptcy or insolvency of any such institution may result in an investor losing all or a portion of their assets held with such institutions or the termination of any outstanding transactions. In addition, brokers and dealers, custodians and counterparties may use sub-custodians and disclaim responsibility for any losses which may result therefrom. Proficio may have investments subject to the laws of various jurisdictions outside the United States. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to a client's assets are subject to substantial limitations and uncertainties. Clients should assume that the insolvency of any non-U.S. counterparty may result in a loss, which could be material. To mitigate such risks, Proficio will attempt to limit transactions and entrust assets to counterparties, both within and outside the United States, which it believes are established, well-capitalized and creditworthy.

Pooled Vehicle Risks Investors considering investing in a Proficio Pooled Vehicle should refer to the Confidential Offering Memorandum for that Pooled Vehicle for a more detailed discussion of risks. The assets that Proficio will consider for investment in single investment Pooled Vehicles are generally illiquid securities for which no ready market is available or where there are restrictions on redemptions that are more than 90 days. Multi-investment Pooled Vehicles may either (a) have a certain percentage of illiquid securities or (b) have a significant percentage of illiquid securities and both may require a 5% or more holdback on redemptions which will be held in cash until the completion of the Pooled Vehicle's annual audit. Pooled Vehicles with significant percentages of illiquid securities will not be redeemable for much longer periods extending to 10 years or more, depending on the liquidity and success of the underlying investments, as disclosed in the relevant Confidential Offering Memorandum.

Privately Placed Insurance Dedicated Fund Risks Investors considering investing in a privately placed insurance dedicated pooled fund for which Proficio serves as sub-advisor should refer to the Confidential Private Offering Memorandum and the relevant Series Supplement for a more detailed discussion of the risks.

Opportunity Zone Investment Risks Investments in Qualified Opportunity Zone Funds and direct investments in Opportunity Zone businesses involve risk of loss due to the underlying business failure or underperformance and factors that the business cannot control such as the economy, natural disasters, regulatory changes and more. Opportunity Zone investments are subject to a complex government-regulated tax program with specific timing requirements that if not satisfied may result in the

investor failing to qualify for the tax benefit of the investment. Proficio and investors must evaluate each Opportunity Zone investment on its own merits. Due to the temporary nature of the tax advantages offered to investors in Opportunity Zones, Proficio is no longer engaged in seeking Opportunity Zone investments for its clients.

Structured Note Risks Proficio will invest client assets in structured notes only on the client's request and where the client has indicated in writing that they understand the risks involved in structured note investments. Proficio's research department and Proficio's CIO do not review or make recommendations on structured note issuers and their creditworthiness nor do they review or make recommendations on the securities underlying structured notes. Clients who wish to invest in structured notes are advised to refer to the Securities and Exchange Commission's investor bulletin at: [https://www.sec.gov/oiea/investor-alerts-bulletins/ib\\_structurednotes.html](https://www.sec.gov/oiea/investor-alerts-bulletins/ib_structurednotes.html). Proficio limits the underlying securities in client structured note investments to individual equities or indexes although it does not impose this requirement on Access Person families. Structured notes are subject to a number of risks including, but not limited to: a) issuer credit risk, b) liquidity risk as no robust after market exists for structured notes, c) pricing is difficult and investors must factor the issuer's costs which not always fully transparent and can involve hedging and other costs, d) payments may be sporadic or not occur (structured notes are not appropriate investments for clients seeking income), complexity and they may have variables that are easily misunderstood, f) use of derivatives which involve additional risk and add complexity, g) complicated payoff structures making them difficult to evaluate, h) subject to market risk that affects the underlying investments, i) may not offer 100% principal protection, j) past performance of the underlying assets may not predict the profit or loss potential of the structured notes, k) do not pay a fixed rate of income or any income contrary to other bank products, l) costs and fees vary and there are hidden costs of purchasing virtually any structured product, m) having to pay taxes each year on imputed annual income of a structured note, whether you have received payments or not, n) complicated payoff structures that make it difficult to assess their value, risk and growth potential, and o) many are callable at the issuer's sole discretion forcing you to find other investments. You should also consult with your tax advisors for further guidance on investing in structured notes.

This list is not exhaustive.

## **Item 9: Disciplinary Information**

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There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Proficio's advisory business or the integrity of its management. You may research Proficio its management by entering the firm or individual's names in the Investment Advisor Search website sponsored by the U.S. Securities and Exchange Commission (SEC): <https://www.adviserinfo.sec.gov/> Proficio's zip code is 02458.

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

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### **A. Broker-Dealer**

Proficio and its management persons are not registered and do not plan to register as a broker-dealer or a registered representative of a broker dealer.

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### **B. Financial Industry Activities**

Proficio and its management persons are not registered and do not plan to register as a future commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing entities.

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### **C. Affiliations**

Proficio and its management persons provide advisory services to Pooled Vehicles that invest in private investments. Proficio, Affiliated Persons and their families invest in Pooled Vehicles along with Proficio clients. Affiliated Persons may, from time to time, serve on a General Partner's advisory board for compensation. Proficio believes that the relationship enables Proficio to monitor and add value to the investment and subsequent investments by leveraging shared expertise. However, the affiliation may have the effect of biasing Proficio toward subsequent offerings managed by this General Partner at the expense of other more suitable investments. Proficio may invest client and Pooled Vehicle assets in private equity funds operated and founded by spouses of Proficio Partners. The terms of any such investment are at or better than market terms and the investments are subject to the usual due diligence process.

Proficio believes that these relationships or arrangements create potential conflicts of interest with Proficio's clients. Proficio has instituted policies and procedures that are intended to mitigate such conflicts of interest and Proficio expects the policies and procedures to function effectively.

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### **D. Compensation for Referrals.**

Proficio does not receive compensation directly or indirectly from investment advisers for recommending or selecting other investment advisers for its clients.

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

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

The Access Persons of Proficio have committed to a Code of Ethics that is available for review by potential clients or any potential investors in a Pooled Vehicle upon request. The Code of Ethics has been adopted in accordance with Section 204A and Rule 204A-1 under the Investment Advisers Act of 1940, as amended. Each Access Person must read, sign, and deliver a certificate of compliance with the Code of Ethics. In accordance with Rule 204A-1, Access Persons also must provide initial securities holdings reports, annual securities holding reports and quarterly transaction reports related to reportable securities in which such Access Person has direct or indirect beneficial ownership. Finally, all Access Persons must pre-clear all new issues and private placements prior to investing personally.

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B. Participation or Interest in Client Transactions through Pooled Vehicles and Direct Investments

Proficio serves as general partner/managing member of the Pooled Vehicles sponsored by Proficio. Proficio Access Persons may invest in Pooled Vehicles alongside clients. Proficio may charge Pooled Vehicle investors a performance allocation or fee of up to 10% of the net realized and unrealized capital appreciation measured over an agreed upon period (generally when the instrument provides a return or matures) and may involve a target or hurdle for the increase in value depending on the structure. Clients and their advisers can conduct due-diligence and review the assets Proficio recommends for purchase by Pooled Vehicles formed to invest in a single investment as well as the terms, legal structure, and formation documents of the Pooled Vehicles. Proficio believes that the requirement that all investors in Pooled Vehicles be accredited investors or qualified purchasers pursuant to Section 2(a)(51) of the Investment Company Act of 1940 with enough resources to exercise influence on Proficio and other investors as well as obtain independent advice whether to invest helps to mitigate some of the potential conflicts of interest. Many of Proficio's clients are themselves investment professionals. In certain cases, family members of clients who do not qualify as Accredited Investors may invest in Pooled Vehicles provided, they receive the assistance of sophisticated family members and family advisors who are capable of evaluating the merits and risks of the Pooled Vehicle and Proficio receives assurances that the investor is able to withstand significant losses if the Pooled Vehicle is unsuccessful. Clients should not expect to have access to all investment opportunities that Proficio's founders and Access Persons invest in, especially those with limited capacity. Opportunities may arise for Access Persons and clients to acquire interests in general partners or managing members of the underlying investments made by Pooled Vehicles. Proficio's Chief Compliance Officer will review these investment opportunities for potential conflicts of interest prior to any Access Person acquiring these investments. Any revenue share or fee discounts obtained from the general partners or managing members of an underlying investment in exchange for seed funding in a Pooled Vehicle are allocated to the Pooled Vehicle and clients so that all investors benefit.

Clients may invest along with Proficio Access Persons directly in business opportunities that Proficio has researched and reviewed (such as interests in ocean

freighters) without a Pooled Vehicle. Clients are urged to conduct their own due diligence to determine whether the investment satisfies the client's investment needs but may not always do so. By investing at the same time, Proficio Access Persons and clients are occasionally able to access investments with higher investment minimums that are not available to smaller investors individually. These investments are not held in a Pooled Vehicle but are allocated to individual client accounts and are held at their custodian. Proficio regularly monitors and supervises these investments on behalf of the client and may make investment recommendations but does not exercise the authority to buy or sell these assets. Clients pay Proficio a fee to monitor, report, and facilitate the subscription and redemption of these assets.

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#### C and D. Participation or Interest in Client Transactions Generally

Prior to registration with the SEC, Proficio was a private family office operated by its Access Persons (who are also portfolio managers) to invest their family's assets. Proficio families and Access Persons are significant clients of Proficio. This presents potential conflicts in that an Access Person might favor themselves and Proficio families over clients that are not family members by taking a limited investment opportunity or engaging in "front-running" an unaffiliated client's trade.

Proficio manages the potential conflicts of interest inherent in Access Person personal and Proficio family interests by rigorous enforcement of its Code of Ethics.

Access Persons, Proficio's related persons and other accounts beneficially owned by family members related to such related persons will invest in the same securities that Proficio purchases, sells or recommends to unaffiliated clients. Proficio will manage these potential conflicts of interest by making every effort to trade accounts beneficially owned by Access Persons, Proficio's related persons or any of their family members (hereafter "Proficio families") at the same time as Proficio's unaffiliated clients and has instituted further checks and compliance processes as described below. To the extent that Proficio determines that there is a conflict of interest, Proficio will disclose such conflict of interest to its clients, seek their consent and if the issue cannot be addressed or waived the Access Persons shall abstain from trading in securities that are purchased or sold for unaffiliated clients.

Spouses of Proficio Partners have established private equity funds and Proficio has or will invest client and family assets in these funds. These funds are subject to the same due diligence process conducted by the research team as any other investment. The terms of these investments are equal to or better than those obtained from comparable investment funds in the market. Any revenue share or fee discounts obtained from these investments in exchange for seed funding are allocated to the Pooled Vehicle and investing clients so that all investors benefit.

Proficio has established procedures for trading in the following securities with equity-like characteristics included in the core investment portfolio where Proficio believes the possibility for favoritism towards Proficio families exists: a) closed end funds, b) Exchange Traded Funds with assets of under \$0.5 billion, and c) certain fixed income securities (e.g., fixed to float and high yield) and alternative investments in alternative

asset classes. Proficio will attempt to trade all client assets at the same time to the maximum extent reasonable (in accordance with individual client needs) with trades using prime broker first and trades using custodians second. Proficio will allocate trades in the same security (if necessary) pro-rata in order of the client account with amount of assets under management. The trading desk may bundle or execute trades at different times to ensure the best price and execution for all accounts taken provided all accounts receive the same or substantially similar prices for the same security.

The Chief Compliance Officer periodically reviews the accounts of Access Person's and their family members against the core investment portfolio for the same or similar securities and timing of trades in accordance with Advisers Act Rule 204A-1. This review seeks to ensure that trades were not made based on material non-public information or misappropriation of Proficio's core investment portfolio, research, analysis, and investment strategies in a manner detrimental to Proficio's clients and to screen for possible front running or improper allocation of restricted or limited opportunities as well as to ensure Access Persons conduct his or her personal securities transactions in a manner that is consistent with the firm's Code of Ethics. The Chief Compliance Officer's transactions are reviewed by the Chief Executive Officer. Many of Proficio's Access Persons have their personal accounts managed by Proficio. To avoid favoritism, Proficio trades their accounts at the same time as those of other Proficio clients. The Chief Compliance Officer, in concert with the Chief Operating Officer, review trade procedures and sample trades to ensure that Access Person trades are effected at the same time in bulk with other clients and trades are allocated fairly (generally by the broker based on account numbers only) to avoid routing more profitable trades to Access Persons.

Access Persons are permitted to make securities transactions in individual equities and fixed income securities that are not otherwise restricted (and which Proficio is not actively managing for its clients) in their personal accounts. Access Persons may also acquire securities that are in Proficio's core investment portfolio outside of these processes only if the security is otherwise exempt (See Rule 204A-1 exempt securities).

## **Item 12: Brokerage Practices**

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### **A. Selecting Brokerage Firms**

Proficio will be responsible for selecting broker-dealers to execute trades and negotiating any commissions paid on such transactions. Proficio's primary consideration in placing transactions with broker-dealers will be to obtain best execution in the most effective manner possible. Brokerage commissions are important when determining best execution, but not the only factor. Proficio also will consider a variety of other factors, including the financial strength, integrity and stability, execution speed, price of the security, knowledge of the other side of the trade, accuracy, and responsiveness of the broker-dealer in addition to the commissions to be paid. Proficio may also consider the quality comprehensiveness



and frequency of available research and other products and services considered to be of value. The products and services furnished by broker-dealers may include, among other things, written information and analyses concerning specific securities, companies, or sectors; market, financial and economic studies, and forecasts; and statistics and pricing or appraisal services, discussion with research personnel, special execution capabilities, and order of call.

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#### 1. Research and Other Soft Dollar Benefits.

Subject to the objective of seeking best execution, Proficio also may take into consideration brokerage and research services provided by the broker-dealer executing trades for a client, which is included in the client commission rate. Although Proficio will make a good faith determination that the amount of client brokerage commissions paid is reasonable considering the products or services provided by a broker-dealer, commission rates are generally negotiable, and thus selecting broker-dealers based on considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. Proficio may also cause its clients to pay broker commissions higher than those charged by other broker-dealers in return for “soft dollar” credits which Proficio may use to purchase certain brokerage and research services from other broker-dealers or third-party vendors.

When Proficio uses client brokerage commissions or soft dollar credits to obtain research or other products or services, Proficio receives a benefit because it does not have to pay for the research or other products or services. In such instances, Proficio may have the incentive to use, and continue to use, a broker-dealer based on Proficio’s interest in receiving research or other products or services, or in generating soft dollar credits, rather than in its clients’ interest in receiving most favorable execution. Proficio uses soft dollar benefits to service all client accounts but does not allocate the soft dollar benefits proportionately to the soft dollar credits such client accounts generate; therefore, soft dollars may benefit some client accounts more than others. Proficio uses soft dollar benefits to pay for a computer software system provided by a financial data vendor through which Proficio’s employees can monitor and analyze real time financial market data and place trades on the electronic trading platform. The system also provides news, price quotes and messaging across its secure network. Proficio also purchases research from independent research firms using soft dollar credits including research data used to populate its investment models.

Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a “safe harbor” that permits an investment manager to use brokerage commissions or “soft dollars” to obtain brokerage and research services that provide lawful and appropriate assistance in investment decision-making and trade execution. Proficio limits the use of “soft dollars” to obtain brokerage and research services that fall within Section 28(e) safe harbor.

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## 2. Brokerage for Client Referrals.

In selecting or recommending broker-dealers, Proficio and its related persons do not consider whether they receive client referrals from a broker-dealer or third party.

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## 3. Directed Brokerage.

Proficio does not routinely recommend, request, or require that a client direct it to execute transactions through a specific broker-dealer. Proficio may permit a client to direct brokerage in certain circumstances, such as in furtherance of a lending or other relationship or a client's desire to maintain a long-standing relationship with an existing custodian. In those situations, Proficio will inform clients of the costs and any trade execution quality issues resulting from the client's direction. In certain circumstances, the client has a relationship with the custodian of their assets and because of certain trade-away fees imposed by the custodian, Proficio may trade with a broker related to the custodian that Proficio believes provides lower quality execution to control transaction costs for the client.

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## B. Aggregation.

Unless a client has imposed a particular restriction that is applicable to an investment or Proficio is rebalancing assets among its clients, Proficio invests clients' assets proportionately based upon the respective net assets of each client and the securities to be purchased or sold may be aggregated to obtain superior execution and/or lower brokerage expenses. Execution prices for identical securities purchased or sold on behalf of multiple clients in any one business day may be averaged. In such instances, allocation of prices, as well as expenses incurred in the transaction, shall be made in a manner that Proficio considers to be equally favorable to each client.

## Item 13: Review of Accounts

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### A. Periodic Reviews

Client account reviews will be performed on a periodic basis (no less than annually) for consistency with Proficio investment strategy and performance. Client retirement portfolios subject to Proficio's investment discretion closely track the relevant variation of the core investment portfolio. Proficio reviews the core investment portfolio continuously.

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### B. Review Triggers

Other conditions that may trigger a review are changes in a particular client's circumstances, the request of a client, changes in applicable laws, new investment

information, and evidence of possible elder abuse or erratic behavior or for any other reason as determined in the sole discretion of Proficio.

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#### C. Regular Reports

Proficio will provide reports to its managed account clients on a quarterly basis. Clients have unlimited access to their account information electronically through a secure portal that Proficio makes available. The information available has a lag time of one day and draws information from the client's custodian and third-party pricing sources. Clients may also access their accounts electronically through portals provided by their custodians.

For each Pooled Vehicle that Proficio sponsors or advises, an audited annual financial statement in accordance with GAAP will be prepared for and sent to investors within either 90 or 180 days of the Pooled Vehicle's fiscal year end, depending on the structure of the Pooled Vehicle. Unless otherwise restricted by law, all reports, financial statements, and other information may be delivered electronically. Proficio, as sub-advisor, does not generate investor reports for the privately placed, insurance dedicated funds it sub-advises.

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

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#### A. Referrals

Proficio does not receive any economic benefits from anyone who is not a client for providing investment advice or other advisory services to its clients.

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#### B. Other Compensation

From time-to-time clients or individuals may refer other individuals, families or institutions who become clients of the firm. Proficio will screen all referrals to ensure that Proficio's fees, services and investment strategies are suitable to their investment needs and objectives. In situations where the referral results in a new client, Proficio may (but is not obligated to) show its appreciation by responding with a gift or entertainment that may or may not have substantial value. Proficio will disclose any gift or entertainment provided in response to a successful referral to the incoming client. Proficio will not show its appreciation in this fashion to any individual or entity involved in the financial services industry. Proficio will pay for any such gift or entertainment solely from Proficio's investment management fees and the gesture will not result in any additional charge to any clients.

## Item 15: Custody

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While generally, Proficio avoids custody of client assets, from time to time, Proficio will have custody of certain individual client's assets for limited purposes. As a result, Proficio is subject to surprise audits by an accounting firm.

Proficio serves as the general partner or managing member of the Pooled Vehicles that Proficio advises or sponsors. As a result, Proficio will be deemed to have "custody." Pooled Vehicles will satisfy custody requirements by having audited financial statements prepared in accordance with generally accepted accounting principles sent to investors within either 90 or 180 days of the entity's fiscal year end, depending on the entity's structure.

All non-Pooled Vehicle clients' assets are held by qualified custodians or directly in client name. Each client should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains the client's assets or where held in their name, directly from the investment (Proficio typically receives a copy of the statement). Proficio periodically confirms with the custodian that statements were delivered.

Proficio urges clients to carefully review Proficio's statements and compare the official custodial records and directly received statements to the account statements that we may provide. Statements are available online through Addepar. Addepar is a web-based wealth management platform that aggregates data and pricing and provides analytics and reporting, including statements for investment management clients. Proficio statements may vary from custodial and directly received statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. For tax and other purposes, the custodial and direct investment statements are the official record of the client's account(s) and assets. The accounting firm retained by Proficio with respect to all matters where Proficio has custody is subject to regular inspection by the Public Company Accounting Oversight Board.

## Item 16: Investment Discretion

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Proficio will accept discretionary authority to manage securities on behalf of its clients. In these discretionary arrangements, Proficio will have the authority to determine, without obtaining specific consent from its clients, the investments to be bought or sold, and the amount and timing of the investments to be bought or sold on behalf of its clients.

Before Proficio assumes discretionary authority on behalf of its clients Proficio will enter into a written investment advisory agreement with the client in which the client grants Proficio discretionary investment authority. Investors in any pooled investment vehicle advised or sponsored by Proficio (a "Pooled Vehicle") must subscribe to or

authorize the investment. Proficio will have the authority to direct the actions of the Pooled Vehicle as granted in the Pooled Vehicle formation documents.

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

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### **A. Proxy Voting**

Proficio accepts authority to vote client securities, respond to corporate actions and to respond to shareholder litigation matters unless the client requests otherwise. Clients may contact us and ask us to vote their shares in a certain fashion, but Proficio does not solicit directions from clients. Proficio has retained Egan-Jones as its third-party proxy advisor and proxy voting agent. Proficio has determined that: a) Egan-Jones has the capacity and competency to analyze the matters submitted to shareholders of public companies for votes, b) their website with its voting determinations and Proficio's ability to override those determinations based on client requests or where Proficio has a different opinion is adequate, and c) Proficio has reviewed (and will periodically review) Egan-Jones' proxy voting policies, recommendation process, disclosed conflicts of interest and its policies and procedures to identify and address issues. Proficio selected Egan-Jones in part because does not provide governance consulting to public companies or their related parties while at the same time providing guidance on how to vote on shareholder proposals for those companies. However, Egan-Jones provides credit reporting and rating services to public company issuers. Proficio's proxy voting policy, adopted pursuant to SEC rule 206(4)-6, recognizes Proficio's responsibility as a fiduciary to ensure proxies are voted in the client's best interest and to maintain appropriate records of proxy votes and the basis for proxy voting decisions. In accordance with its policy, Proficio will monitor Egan-Jones. Under Proficio's policy, Proficio must use commercially reasonable efforts to resolve conflicts of interest in our Client's best interest. If this will not adequately solve the conflict, Proficio's Chief Compliance Officer will engage an independent third-party to determine how to vote the proxy. Clients may obtain a copy of Proficio's proxy voting policy by contacting Proficio's Chief Compliance Officer at the number and address indicated on the cover page of this ADV. Proficio may also delegate its proxy voting responsibilities to a third-party proxy voting service but will retain final authority and fiduciary responsibility while continuing to monitor such third party's compliance with these procedures.

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### **B. Client Proxy Voting Responsibility and Legal Proceedings for Securities**

Where Proficio does not vote proxies for the clients, the clients will receive their proxies and other solicitations directly from their custodian or transfer agent and retain sole responsibility for voting. Proficio will help with proxy matters upon a client's request, (such as advising the clients on the voting questions, and/or referring them to a voting service) but these clients retain the proxy voting responsibility with respect to the investments Proficio manages for them. In the event a client directs

their custodians to mail proxy statements to Proficio, Proficio will vote the proxies pursuant to its proxy voting policy as described above.

Proficio will not advise the client in legal proceedings involving companies whose securities are held in the client's account(s). Proficio has retained ISS SCAS Securities Class Action Services to file "Proofs of Claim" on behalf of Proficio's clients in class action settlements. ISS SCAS does this in exchange for a percentage of the recovery. Recovery filings are made on a best-efforts basis and Proficio cannot warrant that all possible class action recoveries are filed and obtained.

## **Item 18: Financial Information**

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### **A. Balance Sheet**

Proficio has not included a balance sheet for its most recent fiscal year because Proficio does not require prepayment of fees of more than \$1,200 from its clients, six (6) months or more in advance.

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### **B. Financial Condition**

Proficio does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.

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### **C. Bankruptcy Petition**

Proficio has not been the subject of a bankruptcy petition at any time during the past ten years.

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

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### **C. Performance-Based Fees**

Proficio may charge performance-based fees as disclosed in Items 5 and 6 above.

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### **D. Involvement in Arbitrations, Self-Regulatory Organization or other Administrative Proceedings involving dishonest practices.**

None.

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### **E. Relationships with Issuers of Securities**

Proficio serves as General Partner or Managing Member of Pooled Vehicles. Proficio may invest client assets in a fund or funds managed by a spouse of a Proficio Partner. The terms of any such investment are at or better than market terms and the investments are subject to the usual due diligence process for all such investments.