**Item 1: Cover page**

**Frec Advisers LLC**
**FORM ADV PART 2A**
**Disclosure Brochure**

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This brochure ("Brochure") provides information about the qualifications and business practices of Frec Advisers LLC ("Frec Advisers"), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Registration does not imply a certain level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

If you have any questions about the contents of this Brochure, please contact us at help@frec.com. Additional information about Frec Advisers is also available on the SEC's website at www.adviserinfo.sec.gov.

**Item 2: Material changes**

Frec Advisers updated its minimum account size requirements outlined in Item 5 below.

Pursuant to the SEC's requirements and rules, you will receive a summary of any material changes to this brochure within one hundred twenty (120) days of the close of the Firm's fiscal year. The current brochure may be requested, free of charge, by contacting us at help@frec.com.

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**Item 4: Advisory services**

A. General description of the firm

Frec Advisers is an SEC-registered investment adviser providing clients software-based advisory and portfolio management services through a web-based platform, "the Frec platform". Frec Advisers does not provide investment advice in person, over the phone, or in any manner other than through the Frec platform.

Frec Advisers is a limited liability company formed under the laws of the state of Delaware in March 2023. It is principally owned by Mohammad Al Adham through his ownership of Frec Markets. Inc.

Frec Advisers offers automated discretionary investment advisory services to clients of its affiliate, Frec Securities LLC ("Frec Securities"). Specifically, Frec Advisers offers US direct indexing, tax-loss harvesting, and hedging strategies to Frec Securities brokerage retail customers and cash management services to entity clients through the Frec platform. Each client of Frec Securities opens a margin brokerage account and is offered the opportunity to enroll in the Firm's services. All clients of Frec Advisers must first become a client of Frec Securities to use its services. We encourage you to visit our website www.frec.com for additional information about Frec Advisers and the Frec platform.

To enter into an advisory relationship, a client is required to agree to an investment advisory agreement with Frec Advisers ("Investment Advisory Agreement"), which discusses the services the client will receive, the fees charged to the client (as applicable), and the conditions of the client's relationship with Frec Advisers. The Firm's advisory relationship with a client begins upon the effective date of the Investment Advisory Agreement with a client. Any preliminary information provided to a client before the Firm accepts the Investment Advisory Agreement does not constitute investment advice under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and should not be relied on as such.

B. Summary of Frec Advisers' advisory services

Frec Advisers' services are exclusively provided through the Frec platform, which is an online web and mobile platform. The Firm offers clients tax-loss harvesting, automatic direct index investing, and hedging protection. The Firm also offers cash management services to its entity Clients. Clients will have the choice of participating in either full discretionary authority permitting the Firm to manage the client's assets and effect transactions for their assets without their prior approval or consent. Alternatively, the client may authorize limited discretionary authority, whereby clients retain authority to select particular securities to be held in their portfolios, but authorize the Firm to effect transactions for their assets for certain purposes (i.e., tax-loss harvesting and hedging) without their prior approval or consent.

Frec will offer tax-loss harvesting ("TLH") strategies for clients that grant full discretionary authority. The TLH strategy is designed to assist in lowering a client's taxes while maintaining the expected portfolio investing strategies. TLH harvests previously unrecognized investment losses to offset taxes due on a client's portfolio gains and income by selling securities in their portfolio at a loss to accelerate the realization of capital loss and investing the proceeds in securities with closely correlated risk and return characteristics or in securities that align with the client's portfolio and do not cause a wash sale. The client's realized loss can be applied to lower their tax liability and the tax savings can be reinvested to grow the value of their portfolio.

Frec intends to offer TLH within its US Direct Indexing portfolio investment strategies. Frec's US Direct Indexing strategies invest in underlying securities of the S&P index and invest in underlying securities that replicate the index while permitting certain personalization by investors, such as removing companies not aligned with their interests. Clients will also have the ability to purchase Frec's hedging product to protect his or her account from significant loss for a specific duration of time.

The firm separately offers a cash management strategy to its entity Clients. This strategy invests cash into certain money market funds based on the Client's needs. This offering is separate from Frec's TLH and US Direct Indexing portfolio investment strategies.

C. Tailored services and investment restrictions

Frec Advisers tailors its software-based investment advisory services to the individual needs of each client. The Firm gathers information about a client when the client signs up for Frec Adviser's services by having the client complete a client profile ("Client Profile") designed to determine the client's financial situation, level of financial sophistication, investment experience, and financial goals. Such financial information includes your risk tolerance, investing interests, and length of time you expect to hold your investments, Based on the client's responses to the Client Profile and other demographic information the client has provided to Frec Advisers or Frec Securities, Frec Advisers will provide a specific recommendation for their portfolio allocation and spending. Frec Advisers clients still have control of their portfolios and can make adjustments to the Firm's recommendations at any time. Clients can still trade individual securities on the platform outside of the TLH and Direct Index and cash management offerings. Additionally, clients will be permitted to exclude certain securities from the direct indexing strategies, such as securities that do not offer dividends.

D. Wrap Fee Programs

Wrap fee programs are arrangements between broker-dealers, investment advisors, banks and other financial institutions and affiliated and unaffiliated investment advisors through which the clients of such firms receive discretionary investment advisory, execution, clearing and custodial services in a "bundled" form. In exchange for these "bundled" services, the clients pay an all-inclusive (or "wrap") fee determined as a percentage of the assets held in the wrap account. The Firm does not participate in and is not a sponsor of wrap fee programs. Any fee that a client is required to pay will be charged in the client's account.

E. Assets Under Management

As of the date of this Brochure, the Firm does not have any assets under management.

**Item 5: Fees and Compensation**

A. Description and billing

Frec Advisers offers its services on a fee basis, which includes fees based upon assets under management. Frec Advisers' fee is an annual fee of 0.1 % for the TLH and US Direct Indexing portfolio investment strategies and an annual fee of 0.1% for the cash management investment strategy.

These fees are prorated and charged on a monthly basis in arrears based on the net market value of the assets being advised, including self-directed assets for which the firm is providing hedging and tax-loss harvesting services. Fees are charged utilizing the following calculation: the Firm calculates a daily advisory fee, which is equal to the fee rat e multiplied by the net market value of the client's assets being advised by the Firm (excluding cash) as of the close of trading on the New York Stock Exchange ("NYSE") on such day, or as of the close of NYSE on the immediately preceding trading day for any day when the NYSE is closed, and the divided by 365 (or 366 in any leap year). The advisory fee for a calendar month is equal to the total of the daily fees calculated during that month (less any deductions or fee waivers). In the event a client terminates Frec Advisers' services, the Firm's fees for the month will be calculated as of the last day of service. In the event a withdrawal would result in an account value less than the fee due for the current billing period, Frec Advisers will retain assets sufficient to cover such fee. In addition to Frec Advisers' fees, clients will incur other fees or expenses, including markups payable to Frec Securities in connection with hedging transactions recommended by the Firm.

A client's Investment Advisory Agreement permits Frec Advisers to deduct its fees from clients' accounts, which are custodied by Apex Clearing Corporation ("Apex," "Clearing Firm" or "Broker"). The Firm will deduct its fees from accounts holding advisory assets at Apex no later than the tenth business day of the following month. Fees will be deducted from a client's cash balance, if the client does not have a cash balance then the fee will be added to the client's loan amount. The Firm's affiliate, Frec Securities, charges interest on customer's margin balances. Accordingly, the Firm has an incentive to recommend clients invest in securities rather than maintaining a cash balance in their accounts. Apex will send a statement to the client at least quarterly, indicating all amounts distributed from their account, including the amount of fees deducted by Frec Advisers.

*Fee Changes*

Frec Advisers reserves the right, in its sole discretion, to negotiate, reduce or waive the advisory fee for certain clients for any period of time determined solely by Frec Advisers. In addition, Frec Advisers may reduce or waive its fee for some clients without notice to, or fee adjustment for, other clients.

B. Other fees and payments

In addition to the advisory fees, clients may also pay other fees or expenses to third parties, as well as to an affiliate of Frec Advisers. The issuers of certain investments we purchase for clients (such as Money Market Funds or other investments) may charge clients separate product fees. Frec Advisers does not charge these product fees to clients, nor does it benefit directly or indirectly from any such fees. Product fees typically include embedded fund expenses that may reduce an investment fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a client's portfolio performance or an index benchmark comparison. Fund expenses may include management fees, custodian fees, brokerage commissions, and legal and account fees. Fund expenses may change from time to time at the sole discretion of the fund issuer.

## Item 6: Performance-based fees and side-by-side management

Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client. Frec Advisers does not charge performance-based fees. Clients are only charged an annual advisory fee as disclosed in Item 5 above.

## Item 7: Types of clients

Frec Advisers is available for use by all individuals, trusts and other entities (subject to Frec Advisers approval) who are legal U.S. residents over the age of 18. There is no minimum account size to engage Frec Advisers' services. There are minimum account size requirements of $5,000.00 and $15,000.00 to participate in the Firm's direct-index and tax loss harvesting strategies based on the strategy selected. There is no minimum account size to participate in Frec Advisers' cash management strategy.

## Item 8: Methods of analysis, investment strategies and risk of loss

*Method of analysis and investment strategies*

<u>Direct indexing</u>

Frec Advisers recommends direct indexing portfolios of equity securities according to client needs, objectives, and/or interests. Additionally, Frec Advisors will provide client guidance on portfolio allocation for utilizing margin loans and managing margin loan risk. To create the portfolios, Frec Advisers attempts to replicate the performance of indices, such as S&P 500 index, and subsets of such indices. Clients will also be permitted to make changes to Frec's direct index strategies, such as only investing in dividend earning stocks or excluding certain sectors or companies. Additionally, Frec Advisers' direct indexing portfolios may include investments in low volatility money market funds to provide for stability in the portfolio and tax-loss harvesting to assist clients in capturing losses for tax purposes.

In certain circumstances, Frec utilizes margin in the Client accounts to buy securities to bring positions into alignment with the market index being tracked. Where Clients have an outstanding margin balance, Frec may use the proceeds from securities sales in Client accounts to repay the loan amount used for such purchases. As set forth above, the Firm's affiliate, Frec Securities, charges interest on customer's margin balances. Accordingly, the Firm has an incentive to recommend clients invest in securities rather than maintaining a cash balance in their accounts.

Hedging

Hedging is a risk management investment strategy that involves buying or selling an investment to potentially help reduce the risk of loss for a client's portfolio. Frec Advisers will offer this strategy for its direct-index and THL portfolios. The hedging strategy recommended by the Firm uses the purchase and sale of option contracts that help protect direct-index and THL portfolios against losses of more than 30%. This risk protection strategy will be offered on an annual basis. The Firm's affiliate, Frec Securities, charges commission on customer's option trades. Accordingly, the Firm has an incentive to recommend clients invest in options.

Tax-loss harvesting

Tax-loss harvesting (or "TLH") is a technique designed to help appropriately reduce a client's taxes while maintaining the expected risk and return profile of the client's portfolio. It harvests previously unrecognized investment losses to offset taxes due on the client's other gains and income by selling a security at a loss to accelerate the realization of capital loss and investing the proceeds in a security with closely correlated risk and return characteristics. The realized loss can be applied to reduce the client's tax liability and the tax savings can be reinvested to grow the value of the client's portfolio. TLH is available for all Frec Advisers clients, but must be opted in to by the client prior to Frec Advisers providing such services.

Frec Advisers offers an "invest to spend investment philosophy" that may not be appropriate for all clients based on their existing portfolio value. If such a philosophy isn't appropriate, Frec Advisers will assist clients in growing their portfolio until it meets the client's needs and appropriate risk tolerance.

Cash Management

Frec Advisers provides cash management recommendations to its entity Clients of various low volatility money market funds, in order to provide cash security and interest returns.

*Risk of loss and other investment risk*

Subject to the Advisers Act, Frec Advisers shall have no liability for any losses in a client's portfolio. The price of any security can decline for a variety of reasons outside of Frec

Advisers' control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. There is no guarantee that Frec Advisers' judgment or investment decisions about particular securities will necessarily produce the intended results. Frec Advisers' judgment may prove to be incorrect, and a client might not achieve his or her investment objectives.

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risk items, each of which may affect the probability of adverse consequences and the magnitude of any potential losses. The following risks may not be all-inclusive but should be considered carefully by a prospective client before engaging Frec Advisers or utilizing the Frec platform. These risks should be considered as possibilities, with additional regard to their actual probability of occurring and the effect on a client if there is, in fact, an occurrence.

Frec Advisers does not guarantee any level of performance or that any client will avoid a loss of assets. Any investment in securities involves the possibility of financial loss that clients should be prepared to bear.

*Management risks*

Frec Advisers applies its investment techniques and risk analysis in making investment recommendations to its clients. There is no guarantee that they will produce the desired results. In addition, there is no guarantee that a strategies based on historical information will produce the desired results in the future, and if market dynamics change, the effectiveness of the strategies may be limited. Each investment strategy runs the risk that investment techniques will fail to produce the desired results.

*Market risks*

The price of any security or the value of an entire asset class can decline for a variety of reasons outside Frec Advisers' control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic and foreign political, demographic, or social events. If a client has a high allocation in a particular asset class, it may negatively affect overall performance to the extent that the asset class underperforms relative to other market assets. Conversely, a low allocation to a particular asset class that outperforms other asset classes in a particular period will cause the client portfolio to underperform relative to the overall market.

*Advisory risk*

There is no guarantee that Frec Advisers' judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. It is possible that clients or Frec Advisers itself may experience computer equipment failure, loss of interest access, viruses, or other events that may impair access to Frec Advisers' software-based investment advisory service. Frec Advisers and its representatives are not responsible to any client for losses unless caused by Frec Advisers' breach of its fiduciary duty.

*Software risk*

Frec delivers its investment advisory services entirely through software. Consequently, Frec has implemented procedures for designing, developing, and testing its software before putting such software or program into production. The Firm periodically monitors the behaviors of such software after its deployment: however, it is possible that such software may not always perform exactly as intended or as disclosed on the Frec platform or other disclosure documents that Frec Advisers provides to its prospective and current clients. Nevertheless, Frec Advisers will continuously strive to monitor, detect, and correct any software that does not perform as expected or disclosed.

*Equity securities risk*

Investing in individual companies involves investments in common stocks and is subject to the volatility and individual risks associated with those stocks. These price movements may result from factors affecting individual companies, industries, or the securities market as a whole. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. In addition, the equity market tends to move in cycles, which may cause stock prices to fall over short or extended periods of time.

*Exchange Traded Funds ("ETF") risk*

ETFs represent an interest in a passively managed portfolio of securities selected to replicate a securities index, such as the S&P 500 Index or the Dow Jones Industrial Average, or to represent exposure to a particular industry or sector. Unlike open-end mutual funds, the shares of ETFs are not purchased and redeemed by investors directly with the fund, but instead, are purchased and sold through broker-dealers in transactions on a stock exchange. Because ETFs are traded on an exchange, they may trade at a discount from or a premium to the net asset value per share of the underlying portfolio of securities. In addition to bearing the risks related to investments in equity securities, investors in ETFs intended to replicate a securities index bear the risk that the ETF's performance may not correctly replicate the performance of the index. Investors in ETFs, closed-end funds and other investment companies carry a proportionate share of the expenses of those funds, including management fees, custodial and account costs, and other expenses. Trading in ETFs also entails payment of brokerage commissions and other transaction costs.

*Money Market Fund ("MMF") risk*

MMFs invest in fixed income securities and are therefore subject to interest rate, liquidity, and credit risk. Interest rate risks include if interest rates increase, the value of a money market fund's investments generally decline and vice versa. Securities with longer maturities typically offer higher yields, but have greater interest sensitivity. Usually, changes in the value of fixed income securities will not affect cash income but may affect the value of an investment in the fund.

Liquidity risk includes funding liquidity risk (the fund's liquidity is insufficient to meet redemptions) and market liquidity risk (market volatility forces funds to sell securities below the mark-to-market price in order to meet large redemptions or maintain regulatory limits). Money market funds typically pursue a buy-and-hold investment strategy, which can help them weather market liquidity risk, as securities mature at par. Credit risk is the possibility that issuers or counterparties will default or be downgraded. A comprehensive, internal credit analysis process and credit risk management framework, that is integrated with a money market fund's portfolio management, can minimize the risk of suffering unanticipated downgrades or defaults.

*Trading/Liquidity risk*

High volatility and/or the lack of deep and active liquid markets for a security may prevent the sale of a client's securities at an advantageous time or price because Frec Advisers and Apex may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. Some securities (including ETFs) that hold or trade financial instruments may be adversely affected by liquidity issues as they manage their portfolios. While Frec Advisers values the securities held in client portfolios based on reasonably available exchange-traded security data, the Firm may from time to time receive or use inaccurate data, which could adversely affect security valuations, transaction size for purchases or sales, and/or the resulting fees paid to Frec Advisers.

*Direct indexing risk*

Direct indexing is the process by which an investor invests in an investment portfolio comprised of individual securities intended to replicate the performance of one or more investment indexes, strategies, or models (individually a "Benchmark" and when the portfolio contains securities that reference more than one Benchmark, a "Blended Benchmark"). The inputs include but are not limited to preferences, which may include individual or lists of companies chosen for the portfolio; a desired Benchmark or a relative allocation between Benchmarks ("Blended Benchmark"); and investment strategy constraints, such as security exposure, turnover, and trade thresholds and tax considerations. Direct Indexing Products do not contain all constituent securities of the Benchmark, may contain alternative securities, or may contain securities in different weights or allocations than the Benchmark. As a result, the portfolios will not track the Benchmark exactly and the gains or losses of the portfolio may be greater or less than the gains or losses experienced by the Benchmark. This difference is known as "tracking error." Frec Advisers will take reasonable efforts to mitigate tracking error within a set target range by rebalancing the portfolio through the purchase and sale of constituent securities but cannot guarantee that it will always be able to successfully mitigate tracking error. Any restrictions placed by the client on (i) securities that may be held in a portfolio and (ii) the budget for realized capital gains on transactions in the account may increase tracking error and decrease the effectiveness of rebalancing. Frec Advisers cannot guarantee that the dividend yield in any portfolio will accurately track the benchmark.

*Tax-loss harvesting ("TLH") risk*

Clients who activate our tax-loss harvesting service are alerted to the following risks:

- clients should seek advice from their personal tax advisor regarding the tax consequences of investing with Frec Advisers and engaging in the tax-loss harvesting strategy, based on their particular circumstances. clients and their personal tax advisors are responsible for how the transactions in the client's portfolio are reported to the Internal Revenue Service ("IRS") or any other taxing authority. Frec Advisers assumes no responsibility to you for the tax consequences of any transaction, including any capital gains and/or wash sales that may result from the tax-loss harvesting strategy.

- Frec Advisers' TLH strategy is not intended as tax advice, and Frec Advisers does not represent in any manner that the tax consequences described will be obtained or that Frec Advisers' investment strategies will result in any particular tax consequence. The tax consequences of this strategy and other Frec Advisers strategies are complex and may be subject to challenge by the IRS. This strategy was not developed to be used by, and it cannot be used by, any investor to avoid penalties or interest.

- When Frec Advisers replaces investments with "similar" investments as part of the tax-loss harvesting strategy, it is a reference to investments that are expected, but are not guaranteed, to perform similarly and that might reduce a client's tax bill while maintaining a similar expected risk and return on the client's portfolio. Expected returns and risk characteristics are no guarantee of actual performance.

- A client must notify Frec Advisers of specific stocks in which the client is prohibited from investing. If a client instructs Frec Advisers not to purchase certain stocks, Frec Advisers will select an alternate stock to purchase on the client's behalf or if Frec Advisers deems no other stock as appropriate, not invest in an alternate stock. The client shall notify Frec Advisers immediately if he/she considers any investments recommended or made for the portfolio to violate such restrictions.

- The performance of the new securities purchased through the tax-loss harvesting service may be better or worse than the performance of the securities that are sold for TLH purposes.

- The effectiveness of Frec Advisers' TLH strategy to reduce the tax liability of the client will depend on the client's entire tax and investment profile, including purchases and dispositions in a client's (or client's spouse's) portfolios outside of Frec Advisers and type of investments (e.g, taxable or nontaxable) or holding period (e.g., short-term or long-term). clients who customize our recommended portfolios may also influence the effectiveness of the tax-loss harvesting strategy. For example, clients who allocate significant portions of their portfolio to ETFs that are not currently supported for tax-loss harvesting may decrease the effectiveness of this service by reducing the number and/or amount of ETFs from which to harvest losses. The utilization of losses harvested through the strategy will depend upon the recognition of capital gains in the same or future tax period, and in addition may be subject to limitations under applicable tax laws, e.g., if there are insufficient realized gains in the tax period, the use of harvested losses may be limited to a $3,000 deduction against ordinary income and distributions. Losses harvested through the strategy that are not utilized in the tax period when recognized (e.g., because of insufficient capital gains and/or significant capital loss carryforwards), generally may be carried forward to offset future capital gains, if any.

- Be aware that if the client and/or the client's spouse have other taxable or non-taxable investment accounts, and the client holds in those accounts any of the securities (including options contracts) held in the client's account advised by Frec Advisers, the client cannot trade any of those securities 30 days before or after Frec Advisers trades those same securities as part of the tax-loss harvesting strategy to avoid possible wash sales and, as a result, a nullification of any tax benefits of the strategy. For more information on the wash rule, please read IRS Publication 550.

- Frec Advisers' TLH service is designed to avoid creating "wash sales" in clients' portfolios. However, clients are responsible for monitoring their accounts not advised by Frec Advisers to ensure that transactions in the same security or a substantially identical security do not create a wash sale. A wash sale occurs when a taxpayer sells a security at a loss and then purchases the same security or a substantially identical security over a period of 61 days: the day of the sale, the 30 days before the sale, and the 30 days after the sale. If a wash sale occurs, the IRS may not allow the loss for current tax reporting purposes. Wash sales can occur even if the securities are sold and then bought in different accounts. Therefore Frec Advisers may lack visibility to certain wash sales, should they occur as a result of transactions in accounts not advised by Frec Advisers. Under those circumstances, Frec Advisers may not be able to provide notice of such wash sale in advance of the client's receipt of the IRS Form 1099.

- Except as set forth below, Frec Advisers will monitor only a client's portfolios advised by Frec Advisers to determine if there are unrealized losses for purposes of determining whether to harvest such losses. Transactions outside of portfolios managed by Frec Advisers may affect whether a loss is successfully harvested and, if so, whether that loss is usable by the client in the most efficient manner.

- Under certain circumstances, there is a chance that Frec Advisers' trading attributed to tax-loss harvesting may create capital gains and/or wash sales. In addition, tax-loss harvesting strategies may produce losses which may not be offset by sufficient gains in the portfolio.

- Not all the losses may be used to offset gains in the year they were recognized due to wash sales. Thus, wash sales can diminish the effectiveness of tax-loss harvesting by deferring to a future year or tax loss that could have been offset income or capital gains in the current year.

*Legislative and tax risk*

Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities and changes in the tax code that could affect interest income, income characterization, and/or tax reporting obligations.

*Potential high levels of trading risk*

Certain situations, such as the simultaneous receipt of a high volume of client deposits or withdrawal requests, can lead Frec Advisers to engage in high levels of trading. High levels of trading could result in (a) bid-ask spread expense; (b) trade executions that may occur at prices beyond the bid-ask spread (if quantity demand exceeds quantity available at the bid or ask); (c) trading that may adversely move prices, such that subsequent transactions concur at worse prices; (d) trading that may disqualify some dividends from qualified dividend treatment; unfulfilled orders or portfolio drift, in the event that markets are disorderly or trading halts altogether; and (f) unforeseen trading errors.

*Portfolio Line of Credit ("PLOC") risk*

Clients who use Frec Advisers' PLOC should be aware of the following risks:

- PLOC is a margin loan product offered by Frec Securities exclusively to clients of Frec Advisers with a fully discretionary, taxable account and who meet other minimum account thresholds. clients should review the risks listed below and in Frec's Margin Disclosure and consider them before borrowing. For the purposes of this document, client accounts utilizing the PLOC may be referred to as "margin accounts."

- clients who use margin loans can lose more funds than deposited in their margin accounts. In addition, a decline in the value of the securities in margin accounts may require such clients to deposit additional funds to avoid forced sale of securities or other securities or assets in their margin accounts. This is called a "margin call." Frec Advisers does provide tools to help prepare for a potential margin call and encourage you to review this tool prior and while utilizing margin loans.

- Frec Advisers can issue a margin call and force the sale of securities in client margin accounts if the equity in a client margin account falls below the minimum requirements. Frec Advisers can sell the securities in any of the client's margin accounts advised by Frec Advisers to cover the margin deficiency. clients also will be responsible for any shortfall in the margin account after such sale.

- Frec Advisers' margin call tools alert clients whose portfolio balances are approaching our minimum margin requirements well before a margin call is likely to happen even though such notice is not strictly required. Unless such a client pays back their loan or a portion of it, Frec Advisers can sell client securities in margin accounts without further contacting the client if the margin account falls below our minimum margin requirement. Even if Frec Advisers has contacted a client and provided a specific date by which the client can meet a margin call, Frec Advisers can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the client.

- In the event it is necessary to sell securities to meet minimum margin requirements, Frec Advisers will automatically liquidate securities to cover the minimum margin requirements while also maintaining appropriate asset allocations in the client's portfolio. clients are not entitled to choose which securities in their account(s) are liquidated or sold to meet a margin call.

- Frec Advisers can increase its minimum margin requirements at any time and is not required to provide advance written notice to clients. These changes often take effect immediately and may result in the issuance of a maintenance margin call. A client failure to satisfy the call may cause Frec Securities to liquidate or sell securities in client's margin accounts.

- clients are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available to a client under certain conditions, a client does not have a right to the extension.

While this information provides a synopsis of the events that may affect a client's investments, this listing is not exhaustive. Although the Firm's methods of analysis and investment strategies do not present any significant or unusual risks, all investment programs have certain risks for investors. Our investment approach constantly keeps the risk of loss in mind. clients should understand that there are inherent risks associated with investing and depending on the risk occurrence; clients may suffer loss of all or part of their principal investment.

*Inflation, currency, and interest rate risk*

Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. The liquidity and trading value of foreign currencies could be affected by global economic factors, such as inflation, interest rate levels, and trade balances among countries, as well as the actions of sovereign governments and central banks.

*Automated investing risk*

Frec Advisers relies on static questionnaires consisting of a limited number of questions that form the sole basis for its investment recommendations. Such questionnaires are very limited in nature. The questions may not, or may not accurately, capture an individual client's needs. Although clients may change and update their responses, Frec Advisers does not, at this time, make investment advisory personnel available to clients to highlight and explain important concepts or clarify the details of a specific client's financial goals and needs. Online and electronic interactions are limited compared to face-to-face individual advice.

*Operational risk*

Operational risk is the exposure to the chance of loss arising from shortcomings or failures in internal processes or systems of Frec Advisers or Custodian, external events impacting those systems, and human error. A client may suffer a loss arising from shortcomings or failures in internal processes, people, or systems, or from external events. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures.

Trade errors and other operational mistakes ("Operating Events") occasionally may occur in connection with Frec Advisers' implantation of securities transactions for clients. Frec Advisers has policies and procedures that address identification and correction of Operating Events. An Operating Event generally is compensable by Frec Advisers to a client when it is a mistake (whether an action or inaction) in which Frec Advisers has, in Frec Advisers' reasonable view, deviated from the applicable investment guidelines or the applicable standard of care in servicing a client, subject to the considerations set forth below.

Operating Events may include, but are not limited to, the following: (i) the placement of orders (either purchases or sales) in excess of the amount intended to trade for a client; (ii) the purchase (or sale) of when it should have been sold (or purchased); (iii) a purchase or sale not intended for the client; and (iv) incorrect allocations of trades. Operating Events can also occur in connection with other activities that are undertaken by Frec Advisers, such as fee calculations, and other matters that are non-advisory in nature.

Frec Advisers makes its determinations regarding Operating Events pursuant to its policies on a case-by-case basis, in its discretion, based on factors it considers reasonable, including regulatory requirements, contractual obligations, and business practices. Not all Operating Events will be considered compensable mistakes.

Relevant factors Frec Advisers considers when evaluating whether an Operating Event is compensable include, among others, the nature of the service being provided at the time of the event, specific applicable contractual and legal requirements and standards of care, whether an applicable investment guideline was contravened, and the nature of the relevant circumstances.

Operating Events may result in gains or losses or could have no financial impact. clients are entitled to retain any gain resulting from an Operating Event. Operating Events, involving erroneous transactions generally are corrected in accordance with the procedures established by Frec Advisers and/or Custodian.

When Frec Advisers determines that reimbursement by Frec Advisers is appropriate, the client will be compensated as determined in good faith by Frec Advisers. Frec Advisers will determine the amount to be reimbursed, if any, based on what it considers reasonable guidelines regarding these matters in light of all of the facts and circumstances related to the Operating Event. In general, compensation is expected to be limited to direct and actual losses, which may be calculated relative to comparable conforming investments, market factors and benchmarks and with reference to related transactions, and/or other factors

Frec Advisers considers relevant. Compensation generally will not include any amounts or measures that Frec Advisers determines are speculative or uncertain.

*Cybersecurity risk*

Frec Advisers and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber-attacks may cause losses to Frec Advisers' clients by interfering with the processing of transactions, affecting Frec Advisers' ability to calculate net asset value or impeding or sabotaging trading. clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased, and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose Frec Advisers to civil liability as well as regulatory inquiry and/or action. In addition, clients could be exposed to additional losses as a result of unauthorized use of their personal information. While the Firm has established business continuity plans, incident response plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cybersecurity risks also are present for issuers of securities that the Firm recommends, which could result in material adverse consequences for such issuers and may cause a client's investment in such securities to lose value.

*Reliance on management and other third-parties*

ETF investments will rely on third-party management and advisers. Frec Advisers will not have an active role in the day-to-day management of fund investments. Carried interest and other incentive distributions to fund management may create an incentive towards more speculative investments than would otherwise have been made.

*Market volatility risk*

General economic conditions have an impact on the success of investments recommended by Frec Advisers. Changing external economic conditions in the U.S. and global economics could have a significant impact on the success of Frec Advisers' investment recommendations and clients' investments. The stability and sustainability of growth in global economies may be impacted by terrorism or acts of war. There can be no assurance that such markets and economic systems will be available for issuers of securities available via the Frec platform to operate. Changing economic conditions, thus, could potentially adversely impact the valuation of clients' investments in securities via the Frec platform.

*Public health emergencies and other catastrophic risk*

Frec Advisers, and their respective affiliates, may be subject to the risk of loss arising from direct or indirect exposure to a number of types of other catastrophic events, including without limitation (i) coronavirus ("COVID-19") (ii) other public health crises, including any outbreak of SARS, H1N1/09 influenza, avian influenza, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof; or (iii) other major events or disruptions, such as hurricanes, earthquakes, tornadoes, fires, flooding and other natural disasters; acts of war or terrorism, including cyberterrorism; or major or prolonged power outages or network interruptions. The extent of the impact of any such catastrophe or other emergency on Frec Advisers' and/or a client's operational and financial performance and each client's investments will depend on many factors, including the duration and scope of such emergency, the extent of any related travel advisories and restrictions, the impact on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. In particular, to the extent that any such event occurs and has a material effect on global financial markets or specific markets in which a client participates (or has a material effect on any locations in which Frec Advisers operates or on any of its personnel) the risks of loss could be substantial and could have a material adverse effect on clients or the ability of Frec Advisers to fulfill its investment objectives on behalf of its clients.

*Limitations of disclosure*

The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved in investing in investments. As investment strategies develop and change over time, clients may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

## Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that are material to a client's or prospective client's evaluation of the Firm or the integrity of the Firm's management. Neither the Firm nor any of its supervised persons has been involved in legal or disciplinary events that are related to past or present investment clients. We encourage you to visit investor.gov/CRS for a free and simple search tool to research us and our financial professionals.

## Item 10: Other Financial Industry Activities and Affiliations

Frec Advisers is a wholly owned subsidiary of Frec Markets, Inc, which is also the sole owner of Frec Securities, Frec's broker-dealer. As set forth above, Frec Securities has entered into an agreement with Apex. Apex provides trade execution, clearing and custodial services for clients' account transactions pursuant to the authority the client has given under the applicable Investment Advisory Agreement.

Frec Advisers requires clients to use the execution services offered by Frec Securities. For the avoidance of doubt, Frec Advisers places trades on behalf of clients with Frec Securities, which will introduce the trades to Apex on a fully disclosed basis, and Apex will execute such trades on behalf of said Clients. Apex also clears and settles all trades.

### Item 11: Code of ethics participation or interest in client transactions and personal trading

Frec Advisers has adopted a Code of Ethics ("Code") as required by the applicable securities laws. The Code establishes and reinforces a standard of business conduct expected of its supervised persons and provides specific guidance related to managing conflicts of interests and Frec Advisers' fiduciary duty to its clients. This includes procedures relating to: (1) the confidentiality of client information; (2) a prohibition on insider trading; (3) a prohibition of rumormongering; (4) restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items; (5) personal securities trading procedures; and (6) reporting of internal violations of the Code, among other things. All supervised persons at Frec Advisers must acknowledge the terms of the Code annually, or as amended. Frec Advisers will provide a copy of its Code to clients and prospective clients upon request.

Frec Advisers anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will recommend to accounts advised by Frec Advisers to effect the purchase or sale of securities in which Frec Advisers, its management persons and/or clients, directly or indirectly, have a position or interest. These activities are expected to create conflicts of interest between Frec Advisers and its clients with regard to such matters as allocation of opportunities to participate in, or refrain from participation in, particular investments or to dispose of certain investments. The Firm addresses these conflicts in various ways, including (i) through disclosure in this Brochure and in the Investment Advisory Agreement; (ii) the Firm is required to recommend securities that are suitable for each client based upon the client's investment needs; and (iii) the Firm has established a variety of restrictions, procedures and disclosures designed to address potential conflicts of interest—both those arising between and among client accounts as well as between client accounts and the Firm's business.

Frec Advisers' employees and persons associated with Frec Advisers are required to follow Frec Advisers' Code. Subject to satisfying the policies therein, and applicable laws, officers, directors, and employees of Frec Advisers may trade for their own accounts in securities which are recommended to and/or purchased for Frec Advisers' clients. The Code is designed to assure that the personal securities transactions, activities, and interests of the Firm's employees will not interfere with (i) making decisions in the best interest of clients; and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that personal employee transactions in these types of securities would not materially interfere with the best interest of Frec Advisers' clients. Employee trading is continually monitored under the Code, and to reasonably prevent conflicts of interest between Frec Advisers and its clients.

A copy of Frec Advisers' Code of Ethics is available to clients upon request via help@frec.com.

**Item 12: Brokerage practices**

Frec Advisers is a registered investment adviser and as such will not directly execute securities transactions for client accounts. As noted in Item 10, the Firm's affiliate, Frec Securities, has entered into an agreement with Apex. Apex provides trade execution, clearing and custodial services for clients' transactions pursuant to the authority the client has given under the applicable Investment Advisory Agreement.

Frec Securities is a wholly owned subsidiary of Frec Markets, Inc. and an affiliate of Frec Advisers. Frec Securities is a FINRA registered broker-dealer. Frec Securities acts as an introducing broker dealer in effecting securities transactions for client's Apex accounts for which Apex provides trade execution and clearing services.

Frec Advisers will seek the best overall execution of transactions for clients consistent with its judgment as to the business qualifications of the various brokers through which Frec Advisers accounts are available. Frec Advisers will obtain information as to the general level of commission rates being charged by the brokerage community from time to time, and will periodically evaluate the overall reasonableness of brokerage commissions paid on client transactions, if any, by reference to such date to ensure competitive commission rates.

"Best execution" means the best overall qualitative execution, not necessarily the lowest possible commission cost. Accordingly, the factors that Frec Advisers considers when selecting or recommending brokers are ones that directly benefit clients and are consistent with obtaining the best execution of their transactions. These factors include: execution capability and available liquidity; timing and size of particular orders; commission rates; responsiveness; trading experience; reputation; integrity and fairness in resolving disputes; quality of their application and programming interfaces and technology; and other factors.

Frec Advisers does not engage in "soft dollar" practices involving the receipt of research or other brokerage services from client commission money, nor does Frec Advisers receive any research or other products in connection with client transactions. Frec Advisers does not use client commission money to compensate or otherwise reward brokers for client referrals.

Frec Advisers may, but is not required to, aggregate orders for a client with orders of other clients. Frec Advisers may aggregate sale and purchase orders for clients. In such event, the average price of securities purchased or sold in such a transaction may be determined and a client may be charged or credited the average transaction price. As a result, the price may be less favorable to the client than it would be if similar transactions were not being executed concurrently for other clients.

**Item 13: Review of accounts**

Frec Advisers' investment tools are intended for clients to utilize to review their portfolios and better understand and manage their holdings and performance. Frec Advisers' software-based investment advisory service assumes a client's portfolio will not stay optimized over time and must be periodically rebalanced back to its target allocation. Frec Advisers' software continuously monitors and periodically rebalances each client's portfolio that is fully discretionary. Frec Advisers may also consider tax implications and the volatility associated with each of the chosen asset classes when deciding when and how to rebalance, however no assurance can be made by Frec Advisers that clients will not incur capital gains, and in certain instances significant capital gains, when client portfolios are rebalanced periodically. For clients that do not engage the Firm for tax-harvesting services, Frec Advisers assumes no responsibility to its clients for any tax consequences of any transaction, including any capital gains that may result from the rebalancing of client portfolios, subject to the limitations of the Advisers Act

Frec Advisers will contact clients at least once a year via electronic channels to ask them to update their Client Profile or other information on the Frec platform if there have been any material changes. clients who have experienced material changes to their financial circumstances or investment objectives, or which to impose or modify restrictions on the management of their portfolios should promptly update their information on the Frec platform.

Clients electronically receive trade confirmations for each transaction and an Apex account statement (at least quarterly) detailing positions and activity in their accounts. That statement includes a summary of all transactions made on the client's behalf, all contributions and withdrawals made to or from the account, all fees and expenses charged to the account (including the deduction of Frec Advisers' fees), and the account value at the beginning and end of the period. That statement may be based upon information obtained from third parties. Frec Advisers urges clients to compare their Apex account statements with the information available on the Frec platform.

**Item 14: Client referrals and other compensation**

Frec Advisers expects from time to time to run promotional campaigns to measure interest and to attract clients to engage it as an investment adviser. These promotions may include, but are not limited to, referral programs pursuant to which clients, or third parties, invite non-clients to engage Frec Advisers. These promotions may also include additional account services or products offered on a limited basis to select clients, different fee arrangement structures, which could include more favorable fee arrangements, a higher interest rate, cash compensation, reduced or waived advisory fees for clients, and/or periodic, flat fees for certain advisory or account services.

These arrangements may create an incentive for a third party or other existing clients to refer prospective clients to Frec Advisers, even if the third party would otherwise not make the referral. These arrangements may also create a conflict of interest for a client to maintain a certain level of assets advised through Frec Advisers if doing so would result in eligibility to receive an incentive, bonus, or additional compensation.

Frec Advisers compensates third parties to create and share advertising materials regardless of whether an individual engages it as an investment adviser. Additionally, Frec Advisers may provide clients compensation as a promotional offer to open accounts at Frec Securities.

**Item 15: Custody**

Frec Advisers client funds are held with Apex. Apex provides trade execution, clearing and custodial services for clients' pursuant to the authority the client has given under the applicable Investment Advisory Agreement. While Frec Advisers reconciles trading information with Apex on a regular basis, a client may experience differences in information displayed on the platform as compared to the account documentation due to pending transactions, dividends, corporate actions, cash movements or withdrawals, or other activity. Only Apex trading confirmation and statements represent the official records of a client's account. As set forth above, Frec Advisers urges clients to compare their Apex account statements with the information available on the Frec platform.

**Item 16: Investment discretion**

Frec Advisers requires that an Investment Advisory Agreement be completed by a client who decides to retain Frec Advisers as their investment adviser. Under the terms of the Investment Advisory Agreement, Frec Advisers assumes either full discretionary or limited discretionary trading and investment authority over the client's assets held with Apex. This means that Frec Advisers is given full authority under a power of attorney arrangement to select the timing, size, and identity of securities to buy and sell for the client.

Additionally, subject to the limitations of the Advisers Act, Frec Advisers is not responsible to client for any failures, delays and/or interruptions in the timely or proper execution of trades or any other trading instructions placed by Frec Advisers on behalf of client through Frec Securities due to any reason or no reason, including without limitation any or all of the following, which are likely to happen from time to time: (A) any kind of interruption of the services provided by Frec Securities or Apex or Frec Advisers' ability to communicate with Frec Securities or Apex; (B) hardware or software malfunction, failure or unavailability; (C) Frec Advisers system outages; (D) internet services failure or unavailability; (E) the actions of any governmental, judicial or regulatory body; and/or (F) force majeure.

**Item 17: Voting client securities**

Frec Advisers, as a matter of policy, does not vote proxies for the portfolio securities of its clients. Clients are responsible for voting the securities and ETF shares in their Portfolio and will receive proxy voting materials for the securities with instructions on how to vote their shares directly.

**Item 18: Financial information**

Frec Advisers does not require or solicit the prepayment of advisory fees and is therefore not required to include a balance sheet for its most recent fiscal year. Frec Advisers does not have any adverse financial condition that is reasonably likely to impair its ability to continuously meet contractual commitments to our clients. Frec Advisers is not subject to any bankruptcy petition, nor has it been the subject of any bankruptcy petition at any time during the past 10 years.