

Atrato Asset Management LLC

Form ADV Part 2A – Disclosure Brochure

Effective: December 15, 2023

This Form ADV 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Atrato Asset Management LLC (“AAM” or the “Advisor”). If you have any questions about the content of this Disclosure Brochure, please contact the Advisor at (505) 310-1783 or by email at jim@talenttribe.com.

AAM is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information through AAM to assist you in determining whether to retain the Advisor.

Additional information about AAM and its Advisory Persons is available on the SEC’s website at www.adviserinfo.sec.gov by searching with the Advisor’s firm name or CRD# 151620.

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Item 2 – Material Changes

Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about Advisory Persons of AAM. For convenience, the Advisor has combined these documents into a single disclosure document.

AAM believes that communication and transparency are the foundation of its relationship with clients and will continually strive to provide you with complete and accurate information at all times. AAM encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with the Advisor.

Material Changes

The following material changes have been made to this Disclosure Brochure since the last filing and distribution to Clients:

The Advisor has updated Item 12: Brokerage Practices with additional information regarding their aggregation and allocation procedures.

Future Changes

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs in the business practices of AAM.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by searching with the Advisor's firm name or CRD# 151620. You may also request a copy of this Disclosure Brochure at any time by contacting the Advisor at (505) 310-1783.

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Item 4 – Advisory Services

A. Firm Information

Atrato Asset Management LLC (“AAM” or the “Advisor”) is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). AAM is organized as a Limited Liability Company (“LLC”) under the laws of the State of Delaware. AAM was founded in August 2009 and is primarily owned and operated by James M. Tallent (“Manager and Chief Compliance Officer”). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by AAM.

B. Advisory Services Offered

AAM offers discretionary and non-discretionary investment advisory services to wealth family groups, individuals and high net worth individuals (each referred to as a “Client”).

The Advisor serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. AAM's fiduciary commitment is further described in the Advisor's Code of Ethics. For more information regarding the Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

General Information on Advisory Services

AAM does not represent, warrant or imply that the services it provides or the methods of analysis it uses can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections. The agreement that AAM enters into with its Clients states that AAM is not liable to the Client for: (a) any loss that the client may suffer by reason of any investment decision made or other action taken or omitted by AAM, except in the case of AAM's negligence, intentional misconduct or bad faith; (b) any loss arising from AAM's adherence to the Client's instructions; or (c) any act or failure to act by any Custodian or broker. However, nothing in the agreements with Clients constitutes a waiver by the Clients of any legal right under applicable federal or state securities laws or any other law whose applicability is not permitted to be contractually waived. In the event of any discrepancy or conflict between the information in this brochure and a Client's agreement with AAM, the Client agreement will control.

As part of AAM's advisory services, AAM assists its Clients in developing appropriate asset allocation objectives. However, due to volatile market conditions, and the resulting changes in asset values, the values of Client assets may become inconsistent with the Client's desired asset allocation objectives. When AAM considers it appropriate, AAM will rebalance the Client's portfolio, or recommend changes to rebalance the portfolio. This is likely to result in additional trading costs for Clients.

Investment Management Services

AAM provides investment supervisory and investment management services to its Clients, sometimes on a discretionary basis or for most Clients on a non-discretionary basis. In the non-discretionary role, AAM makes recommendations to its Clients that require Client approval for implementation. AAM does not have discretion over these Client assets, and all investment decisions must be approved by the Client before execution.

When retained on a discretionary basis, AAM makes investment decisions, including retaining and dismissing investment managers, on behalf of a Client consistent with the Client's objectives and suitability, without the Client's prior approval of specific transactions.

Whether serving in a discretionary or non-discretionary capacity, AAM assists its Clients in reviewing, developing and implementing investment policies and strategies, determining appropriate asset allocations (both strategic and tactical), structuring portfolios, making investments to implement each Client's investment policies and allocations, and measuring the performance of the client's investments. AAM's investment decisions on behalf of a discretionary Client, and AAM's investment recommendations to a non-discretionary Client, relate to:

- The retention and termination of investment managers

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- Investments in limited partnerships and limited liability company investment funds and other investment vehicles (such as, real estate funds, venture capital funds and private equity funds)
- Investments in other specific securities

AAM will provide investment advisory services and related services. At no time will AAM accept or maintain custody of a Client's funds or securities. All Client assets will be managed within their designated account[s] at the Custodian, pursuant to the terms of the advisory agreement. For additional information, please see Item 12 – Brokerage Practices and 15 - Custody.

AAM clients invest in virtually all types of securities, including but not limited to:

- Certificates of Deposit
- Commercial paper
- Corporate debt securities
- Exchange-traded funds
- Exchange-listed securities
- Foreign issuers
- Future contracts on tangibles and intangibles
- Municipal securities
- Mutual fund shares
- Options contracts on securities and commodities
- Private placements of securities (limited partnerships and limited liability company investment funds)
- Real estate investments
- Securities traded over-the counter
- U.S. Government securities
- Variable life insurance Warrants

When Client assets are invested with unaffiliated investment manager[s], the unaffiliated investment manager[s] (and not AAM) recommend and effect investment decisions for the Client with respect to individual equity and fixed-income securities and other investments. AAM provide investment oversight of the overall account[s], but not the individual security selection and trading.

AAM is the non-discretionary investment adviser to two limited liability companies (the "LLCs") that were each created to manage the personal funds of a specific individual. A trust formed by that individual, AAM and Mr. Tallent are the only members of each LLC. The LLCs make real estate, securities and other investments. Each LLC has an independent Manager who determines whether or not to retain AAM as the LLC's investment adviser. AAM receives a management fee and performance allocation for its advisory services provided by the LLCs. Neither of the LLCs is open to other investors. See Item 6 for a discussion of the performance allocation AAM receives from these LLCs.

Retirement Accounts – When the Advisor provides investment advice to Clients regarding ERISA retirement accounts or individual retirement accounts ("IRAs"), the Advisor is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. When deemed to be in the Client's best interest, the Advisor will provide investment advice to a Client regarding a distribution from an ERISA retirement account or to roll over the assets to an IRA, or recommend a similar transaction including rollovers from one ERISA sponsored Plan to another, one IRA to another IRA, or from one type of account to another account (e.g. commission-based account to fee-based account). Such a recommendation creates a conflict of interest if the Advisor will earn a new (or increase its current) advisory fee as a result of the transaction. No client is under any obligation to roll over a retirement account to an account managed by the Advisor.

Use of Independent Managers

AAM will recommend to Clients that all or a portion of their portfolio be implemented by utilizing one or more unaffiliated money managers participating in a managed accounts program at the Client's selected custodian (the

“Program Sponsor”). The Client will then enter into a program and investment advisory agreement with the Program Sponsor and the participating money manager[s]. The Advisor will assist and advise the Client in establishing investment objectives for the account[s], the selection of the money manager[s], and defining any restrictions on the account[s]. AAM will continue to provide oversight of the Client account and ongoing monitoring of the activities of the unaffiliated money managers.

These money managers will develop an investment strategy to meet those objectives by identifying appropriate investments and monitoring such investments. In consideration for such services, the Program Sponsor will charge a program fee that includes the investment advisory fee of the money managers, the administration of the program and trading, clearance and settlement costs. The Client, prior to entering into an agreement with an Independent Manager, will be provided with the Independent Manager's Form ADV Part 2A – Disclosure Brochure (or a brochure that makes the appropriate disclosures).

AAM does not receive any compensation from these unaffiliated money managers or the Program Sponsor, other than AAM's investment advisory fee (described in Item 5).

The Client, prior to entering into an agreement with a Program Sponsor, will be provided with the Program Sponsor's Form ADV Part 2 (or a brochure that makes the appropriate disclosures). In addition, AAM and its Client will agree in writing that that selected Program Sponsor will manage the Client's account[s] on a discretionary basis.

Family Office Services

AAM also provides its Clients of wealthy families a range of services that address their complex financial needs. Some of the services they provide but not limited to are; planning for retirement, education planning, personal insurance analysis, estate planning review, business succession planning, balance sheet preparation, tax planning, charitable planning and private business management consulting.

C. Client Account Management

Prior to engaging AAM to provide investment advisory services, each Client is required to enter into an advisory agreement with the Advisor that defines the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Policy Statement – AAM, in connection with the Client, will develop a strategy that seeks to achieve the Client's investment goals and objectives.
- Asset Allocation – AAM will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each Client.
- Portfolio Construction – AAM will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client that may include allocations to third-party managers.
- Investment Management and Supervision – AAM will provide investment management and ongoing oversight of the Client's investment portfolio.

D. Wrap Fee Programs

AAM does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by AAM.

E. Assets Under Management

As of December 31, 2022, AAM manages \$215,076,053 in Client assets, all of which are managed on a non-discretionary basis. Clients may request more current information at any time by contacting the Advisor.

Item 5 – Fees and Compensation

The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client shall sign an advisory agreement that details the responsibilities of AAM and the Client.

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A. Fees for Advisory Services

AAM charges either an annual retainer fee or an asset-based fee for its services. AAM's fees are negotiated, based on factors such as the range of services to be provided, the degree of customization requested, the complexity of a Client relationship, the number, nature and size of accounts, and the number of Client meetings AAM is expected to attend annually.

AAM's current fee schedule is as follows:

- Annual Retainer Fee – negotiable but minimum fee is \$2,500 per quarter billed quarterly in advance
- Asset Based Fees:
 - Up to 1.00% of first \$10 million of net asset subject to the advisory relationship – billed quarterly in advance.
 - In excess of \$10 million – negotiable
- Expenses:
 - Two Client meetings per year are included in the fee Expenses of additional meetings and other extraordinary expenses are determined after considering many factors, such as the level and scope of the services.

The investment advisory fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first calendar quarter. Fees may be negotiable at the sole discretion of the Advisor. The Client's fees will take into consideration the aggregate assets under management with the Advisor. All securities held in accounts managed by AAM will be independently valued by the Custodian. AAM will conduct periodic reviews of the Custodian's valuations.

As noted in Item 4, the Advisor will implement all or a portion of a Client's investment portfolio utilizing one or more Independent Managers. To eliminate any conflict of interest, the Advisor does not earn any compensation from an Independent Manager. The Advisor will only earn its investment advisory fee as described above. Independent Managers typically do not offer any fee discounts but may have a breakpoint schedule which will reduce the fee with an increased level of assets placed under management with an Independent Manager. The terms of such fee arrangements are included in the Independent Manager's disclosure brochure and applicable contract[s] with the Independent Manager. The total blended fee, including the Advisor's fee and the Independent Manager's fee, will not exceed 3.00% annually.

The Advisor's fee is exclusive of, and in addition to, any applicable securities transaction fees, and other related costs and expenses, described in Item 5.C, which may be incurred by the Client. However, the Advisor shall not receive any portion of these commissions, fees, and costs.

B. Fee Billing

Investment advisory fees will be calculated by the Advisor and deducted from the Client's account[s] by the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the respective quarter start date. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with AAM at the end of each quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the Custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting advisory fees to be deducted by AAM to be paid directly from their accounts held by the Custodian as part of the investment advisory agreement and separate account forms provided by the Custodian.

Use of Independent Managers

For Client accounts implemented through an Independent Manager, the Advisor and the Independent Manager will each assume the responsibility for calculating and deducting their respective fees from the Client's account[s].

C. Other Fees and Expenses

Clients may incur certain fees or charges imposed by third parties, other than AAM, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all securities execution and custody, fees charged by the Custodian, if applicable. The Advisor's recommended Custodian does not charge securities transaction fees for ETF and equity trades in a Client's account, provided that the account meets the terms and conditions of the Custodian's brokerage requirements. However, the Custodian typically charges for mutual funds and other types of investments. The investment advisory fee charged by AAM is separate and distinct from these custody and execution fees and AAM does not receive any portion of these fees.

If a Client invests in investment vehicles, such as venture capital funds, real estate funds, open-end or closed-end mutual funds or ETFs, such investments increase the cost to the Client. In addition to AAM's advisory fee, the Client may incur a commission or transaction fee when the interest in the investment vehicle is purchased, and the Client will incur an annual management fee payable to the manager of the fund, neither of which is shared with AAM. Fund fees and expenses are described in that fund's prospectus or other offering document. Such fees are in addition to the advisory fees paid to AAM.

Similarly, when AAM retains on behalf of a Client, or recommends that a Client retain, an unaffiliated investment manager for all or a portion of the Client's assets, that manager will charge the Client a management fee, which fee is in addition to the advisory fees paid to AAM.

When considering an investment in a fund or the retention of an unaffiliated investment manager, AAM evaluates the relative annual costs as a part of the decision process. A Client may be able to invest in a fund or retain an unaffiliated investment manager directly, without the services of AAM. In that case, the Client would not receive the services provided by AAM, which are designed, among other things, to assist the Client in determining which, if any, funds and/or investment managers are most appropriate to that Client's financial condition and objectives. Accordingly, Clients should review the fees charged by the funds and/or the managers, and the fees charged by AAM, to fully understand the total amount of fees to be paid by the Client and to evaluate the advisory services AAM is providing.

D. Advance Payment of Fees and Termination

AAM is compensated for its services in advance of the quarter in which investment advisory services are rendered. Either party may terminate the investment advisory agreement with AAM, at any time, by providing at least thirty (30) days advance written notice to the other party. The Client may also terminate the investment advisory agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Client shall be responsible for investment advisory fees up to and including the effective date of termination. Upon termination, the Advisor will refund any unearned, prepaid investment advisory fees from the effective date of termination to the end of the quarter. The Client's investment advisory agreement with the Advisor is non-transferable without the Client's prior consent.

Use of Independent Managers

In the event that a Client should wish to terminate their relationship with the Independent Manager, the terms for the termination will be set forth in the respective agreements between the Client and that Independent Manager. AAM will assist the Client with the termination and transition as appropriate.

E. Compensation for Sales of Securities

AAM does not buy or sell securities and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

Item 6 – Performance-Based Fees and Side-By-Side Management

AAM receives a performance allocation, in addition to a retainer fee, for the advisory services it provides to the LLCs described in Item 4 above. AAM does not charge a performance fee to other accounts.

The amount of the performance allocation is agreed in advance with each LLC and is paid out of assets of each LLC. The amount of performance allocation is a percentage of the gain in the portfolio and is specified in the LLC agreement with the Client.

Conflicts of Interest

The receipt of performance-based fees from these LLCs creates a conflict of interest. AAM can receive higher fees from these Clients with a performance-based compensation structure than from Clients that pay only a retainer fee or an asset-based fee. AAM has an incentive to direct the best investment ideas to the Clients that pay a performance-based fee or to allocate or sequence trades in favor of those Clients. AAM recognizes its fiduciary duty to all its Clients. In addition, AAM believes its allocation policy, described in Item 12 below, prevents AAM from providing advantages to the Clients that pay a performance-based fee.

Item 7 – Types of Clients

AAM offers discretionary and non-discretionary investment advisory services to wealthy family groups, individuals and high net worth individuals. The amount of each type of Client is available on the Advisor's Form ADV Part 1A. These amounts may change over time and are updated at least annually by the Advisor. These percentages will change over time.

AAM requests a minimum relationship size of \$1 million to open and maintain an account with AAM. However, AAM may waive this account minimum at its discretion. AAM reserves the right to decline to provide services to any person or firm for any reason. Independent Managers utilized by Clients may have program minimums pursuant to their disclosure documents.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis

AAM advises Clients on a wide variety of investments as indicated above in Item 4 – Advisory Services. Given the differences among these investments, AAM uses a number of different approaches to analyze each investment. AAM's methods of analysis for individual equity securities include both fundamental and cyclical approaches. For other investments, the methodology used is appropriate to the type of the investment.

When AAM uses fundamental analysis, it attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Cyclical analysis is a type of technical analysis. When AAM uses cyclical analysis, it measures the movements of a particular stock against the overall market in an attempt to predict the price movement of the security. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Although AAM sometimes advises Clients with respect to individual equity and fixed-income securities, it is more typical that AAM makes recommendations or investment decisions as to which investment managers a Client should retain, and in which funds a Client should invest. In such cases, the Client's investment managers and the managers of the funds (and not AAM) recommend and effect investment decisions for the Client with respect to individual equity and fixed-income securities and other investments. In making recommendations and decisions as to which investment managers and in which funds a Client should invest, AAM gathers and analyzes

information from many sources, as discussed above in Item 4 – Advisory Services, and evaluates the managers based on the quality of the firm, products offered, strategies used, investment professionals and historical performance.

Investment Strategies

The investment strategies used to implement any investment advice given to Clients include: long-term purchases (securities held at least a year); short-term purchases (securities sold within a year); short sales (the sale of a security made in anticipation of being able to buy the security in the future at a lower price); margin transactions; and option writing - including covered options, uncovered options or spreading strategies. Applicable strategies are discussed with Clients as part of their semi-annual account reviews.

B. Risk of Loss

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. AAM will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

The risk of loss varies from one type of investment to the next. The cause is a combination of external factors that influence the value and the liquidity of each security. While there can be no guarantee of future success, AAM works closely with its Clients to ensure that the investments that are made are suitable to the investment objectives of the Client. Every effort is made to ensure that the investments that are considered are appropriate for the asset class that they are a part of.

When AAM recommends individual securities to its Clients, those recommendations are based on the Client's financial situation, investment objectives, risk tolerance and the characteristics of available investment opportunities. Each of the investments that AAM recommends has distinct risk characteristics. Additionally, these characteristics can vary over time. AAM periodically reviews each Client's investments with the Client to ensure that the investments and the Client's objectives remain aligned.

Typically, there is a trade-off between risk and return. When the return is higher, the risk is higher. Generally, the safer, more liquid an investment is, the lower the return. The risk of any investment is characterized by the nature of the investment and may be unique to that investment.

Risks Associated with Asset Allocation Recommendations

AAM generally makes asset allocation recommendations to its Clients. A risk of AAM's asset allocation recommendations is that Clients may not participate in sharp increases in a particular asset class, industry or market sector. Another risk is that the ratio of a Client's investments in specific asset classes (such as, equity, fixed-income and alternative investments and cash) will change over time due to securities and market movements and, if not corrected, will no longer be consistent with the Client's investment policy statement.

Risks Associated with Manager and Fund Recommendations

AAM generally recommends that Clients invest certain of their assets with independent investment managers or in certain private funds, ETFs or other funds. AAM's manager and fund recommendations include the following risks:

A Manager or Fund May Underperform and Clients May Experience a Loss – An investment manager's or fund manager's judgment about the attractiveness, value and potential appreciation of a particular security may be incorrect, and there is no guarantee that the securities selected by the manager will perform as anticipated. For these and other reasons, the manager may not be able to replicate its previous success in future periods. Past performance is no guarantee of future results. As a result, there is a risk of loss of the assets managed by any given manager that is out of AAM's control. AUM cannot guarantee any level of performance or that clients will not experience a loss in their assets.

A Manager May Deviate from its Stated Investment Strategy – Because AAM does not control the underlying

investments in a manager's portfolio or fund, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio or fund, making it a less suitable investment for a client.

A Manager May Not Have Adequate Internal Controls – Because AAM does not control a manager's daily business or compliance operations, AAM may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

A Manager's Strategy May Involve Additional Risks – Managers and funds face risks based on the strategy they implement or the investments they select. For example, foreign securities face additional risks due to political, social and economic developments abroad, as well as due to differences between U.S. and foreign currency and regulatory practices. These risks are greater in emerging markets. Another example would be a sector stock fund that invests in a single industry, such as telecommunications. Its value could decline due to developments in the industry even if its investments were sound.

Information AAM Relied on May Prove to be Inaccurate – When AAM develops its recommendations, it relies on information provided by managers and funds, third parties that review managers and funds, and other sources of information. AAM relies on the assumption that such information is accurate and unbiased. While AAM is alert to indications that data may be incorrect, there is a risk that AAM's analysis may be compromised by inaccurate or misleading information.

Additional Risks of Private Fund Investments

Managers may invest client assets in private investment funds, or AAM may recommend that clients invest in specific private funds. Investors in private funds face the following additional risks:

The Investment Will Not Be Liquid – Because there is no public market for investments in private funds, such investments are not liquid. In addition, investors in private funds generally are contractually and legally restricted from transferring or redeeming such securities. Therefore, holders of such securities may be required to bear the financial risk of their investments for an indefinite period of time.

Many Assets Held by Private Funds Are Illiquid – Because many assets held by private funds are illiquid, such funds may realize losses on unsuccessful investments before they realize gains on successful investments. The full return of capital and the realization of gains, if any, on an illiquid asset likely will occur only on the partial or complete disposal of the asset. In addition, income from some investments will not be realized until several years after the fund acquired the investment.

Valuation Risks – Initial and additional investments in a private fund, redemptions from such fund, and the calculation of the fund's management fees generally are based on the fund manager's estimated value of the fund's total assets at the time of the investment, redemption or calculation of the management fee. Many assets held in private funds are illiquid and, therefore, have no readily ascertainable fair market value. Therefore, to the extent of a fund's illiquid assets, investors in the fund bear the risk that the fund manager's determinations of fair market value are not correct.

General Risks Associated with Investments in Individual Securities

Managers may invest Client assets in individual securities, or AAM may recommend that a Client invest in specific individual securities. Clients face the following risks when investing in individual equity securities and individual fixed-income securities:

General Risks of Individual Equity Securities – The general risks that individual equity investments face are:

U.S. General Equity Market Risk – The market price of a security may fluctuate, sometimes rapidly and unpredictably. These fluctuations may cause a security to be worth less than its cost when originally purchased or less than it was worth at an earlier time.

U.S. Large-Cap Company Risk – Returns from large-cap stocks may trail returns from the overall stock market. Large-cap stocks tend to go through cycles of doing better, or worse, than the stock market in general.

Small- and Mid-Cap Company Risks – Investments in small- and mid-cap companies may be riskier than investments in larger, more established companies. The securities of these companies may trade less frequently and in smaller volumes than securities of larger companies. In addition, small- and mid-cap companies may be more vulnerable to economic, market and industry changes. Because smaller companies may have limited product lines, markets or financial resources, or may depend on a few key employees, they may be more susceptible to particular economic events or competitive factors than larger-capitalization companies.

Foreign Securities and Emerging Market Risks – Foreign securities face risks due to political, social and economic developments abroad, as well as due to differences between U.S. and foreign currency and regulatory practices. These risks are greater in emerging markets.

General Risks of Fixed-Income Securities – The general risks that fixed-income securities face are:

Interest Rate Risk – Fixed-income securities increase or decrease in value based on changes in interest rates. If rates increase, the value of fixed-income securities generally declines. On the other hand, if rates fall, the value of the fixed-income securities generally increases.

Credit Risk – Issuers and counterparties may not make interest and/or principal payments on the securities they issue, or their payments may not be made when due. In addition, the credit quality of securities may be lowered if an issuer's financial condition changes. Lower credit quality may lead to greater volatility in the price of a security, and that may affect liquidity and the client's ability to sell the security.

Call Risk – Falling interest rates may cause an issuer of fixed-income securities to redeem (call) its high-yielding fixed-income securities before their maturity date.

Prepayment Risk – There is a risk that prepayments on a fixed-income security may increase if interest rates decline. Any reinvestment of prepayment proceeds at lower rates could adversely affect return.

Additional Risks Associated with Specific Types of Individual Investments – The following investments are among the types of investments that AAM or a Client's investment managers or fund managers may select or recommend:

- Certificates of Deposit
- Commercial paper
- Corporate debt securities
- Exchange-traded funds
- Exchange-listed securities
- Foreign issuers
- Future contracts on tangibles and intangibles
- Municipal securities
- Mutual fund shares
- Options contracts on securities and commodities
- Private placements of securities
- Real estate investments
- Securities traded over-the-counter
- U.S. Government securities
- Variable annuities

- Variable life insurance
- Warrants

Risks associated with each of the above types of securities are discussed below:

Certificates of Deposit – A Certificate of Deposit or CD is a time deposit, a financial product commonly offered to consumers by banks, thrift institutions, and credit unions. CDs are similar to savings accounts in that they are insured. They are different from savings accounts in that the CD has a specific, fixed term (often three months, six months, or one to five years), and, usually, a fixed interest rate. It is intended that the CD be held until maturity, at which time the money may be withdrawn together with the accrued interest.

CDs are insured by the Federal Deposit Insurance Corporation (FDIC) for banks or by the National Credit Union Administration (NCUA) for credit unions up to a limit of \$250,000 per depositor, per insured bank for each account ownership category. The level of protection is set by the U.S. Government and may vary from time to time. CDs pay interest rates that are higher than savings accounts but lower than other riskier investments.

Commercial Paper – In the global money market, commercial paper is an unsecured promissory note with a fixed maturity of 1 to 270 days. Commercial Paper is a money-market security issued (sold) by large banks and corporations to get money to meet short-term debt obligations (for example, payroll), and is only backed by an issuing bank or corporation's promise to pay the face amount on the maturity date specified on the note. Since it is not backed by collateral, only firms with excellent credit ratings from a recognized rating agency will be able to sell their commercial paper at a reasonable price. Commercial paper is usually sold at a discount from face value. Typically, the longer the maturity on a note, the higher the interest rate the issuing institution must pay. Interest rates fluctuate with market conditions, but are typically lower than banks' rates on CDs.

The risk of loss for Commercial Paper is higher than for CDs. The only security is the integrity and good rating of the issuing company. This risk is somewhat mitigated by the fact that the term of investment is short. While defaults on Commercial Paper are rare, they can occur.

Corporate Debt Securities – A corporate debt security is, in effect, an IOU that represents the issuing corporation's promise to repay the loan face amount, with interest, in a set period of time. It may be issued by corporations in all areas of business. Corporate debt securities generally have higher yields than other fixed-income instruments, such as certificates of deposit or U.S. Treasury securities, but lack the FDIC insurance of the former and the credit quality of the latter. Credit ratings by Moody's Investors Service and Standard & Poor's give an investor a basic guideline to a company's ability to pay its coupon and cover all of its debt obligations. This ability to pay may vary widely. Lower credit ratings from the rating agencies will increase the interest rate the issuing company must pay.

As an investor in corporate debt securities, you are a creditor of the issuing company and, in the event of a liquidation of the company, your claim to the company's assets ranks higher than those of common stockholders. You must be paid any interest due before stockholders receive any dividends. The risk of loss is directly related to the stability of the company, its industry and the underlying economy.

Exchange-Traded Funds ("ETFs") – An ETF is an investment fund traded on stock exchanges, much like stocks. An ETF holds assets such as stocks, commodities, or bonds and trades at approximately the same price as the net asset value of its underlying assets over the course of the trading day. Most ETFs track an index, such as the S&P 500 or MSCI EAFE. ETFs may be attractive as investments because of their low costs, tax efficiency, and stock-like features. ETFs are one of the most popular types of exchange-traded product. Individuals using a retail broker, trade ETF shares through exchanges. An ETF combines the valuation feature of a mutual fund or unit investment trust, which can be bought or sold at the end of each trading day for its net asset value, with the tradability feature of a closed-end fund, which trades throughout the trading day at prices that may be more or less than its net asset value.

Unlike other mutual funds, ETFs may be traded throughout the day by buying or selling shares on the exchange[s] where the shares are listed. On the one hand, this gives the investor the ability to mitigate the

adverse effect of the individual securities that are included in the portfolio of the fund. On the other hand, the unit price of ETF shares can fluctuate through the day and drop before the value determined by combining the values of the positions held in the securities in the fund.

Exchange-Listed Securities – Exchange-listed securities are a stock or a bond that has been accepted for trading by one of the organized and registered securities exchanges in the United States or are listed on foreign exchanges. U.S. exchanges list more than 6,000 issues of securities of some 3,500 corporations. Generally, the advantages of being listed are that the exchanges provide: (1) an orderly marketplace; (2) liquidity; (3) fair price determination; (4) accurate and continuous reporting on sales and quotations; (5) information on listed companies; and (6) strict regulations for the protection of security holders. Each exchange has its own listing requirements, in the U.S. those of the New York Stock Exchange being most stringent. Listed securities include stocks, bonds, convertible bonds, preferred stocks, warrants, rights, and options, although not all forms of securities are accepted on all exchanges.

Because of the listing regulations and close monitoring by the listing exchanges, exchange-listed securities are more secure than similar securities that are not listed on an exchange. The reporting requirements for listed issues aid in ensuring greater stability of a listed company. The structures that the exchange implements better insure orderly trading in listed securities thus helping to better insure price stability. The circuit breakers (trading halts) that can be implemented in a security when the prices rapidly move up or down also help to mitigate risks of loss. Nevertheless, exchange-listed securities are subject to loss.

Foreign Issuers – A foreign issuer is any issuer, which is a foreign government, a national of any foreign country or a corporation or other organization incorporated or organized under the laws of any foreign country.

In addition to the risks associated with various investments issued by U.S.-based companies, investments of foreign issuers are also affected by currency fluctuations. Foreign economies may be less stable and secure than the U.S. economy and greater cost and difficulty in recovering investments in foreign countries significantly increase the risk of these investments. Risks are greater in emerging markets. Investors should be cautious in investing in foreign issues.

Futures Contracts on Tangibles and Intangibles – A futures contract is a standardized contract between two parties to buy or sell a specified asset (such as, oranges, oil, gold) of standardized quantity and quality at a specified future date at a price agreed today (the futures price). The contracts are traded on a futures exchange. Futures contracts are not "direct" securities like stocks, bonds, rights or warrants. They are still securities, however, though they are a type of derivative contract. The price is determined by the instantaneous equilibrium between the forces of supply and demand among competing buy and sell orders on the exchange at the time of the purchase or sale of the contract. In many cases, the underlying asset to a futures contract may not be traditional "commodities" at all – that is, for financial futures, the underlying asset or item can be currencies, securities or financial instruments and intangible assets or referenced items such as stock indices and interest rates.

A futures contract is a highly leveraged investment. The value of a futures contract is influenced by a combination of factors including the price of the referenced (underlying) security (or index), the time left before the contract expires, the volatility of the price of the underlying security, interest rates and the futures price (strike price). If the price fluctuates adversely beyond the price of the contract at the time of purchase, the purchaser of the contract may be required to deposit additional funds in his or her account. Because these factors can all converge quickly to the disadvantage of the investor, futures contracts are considered a high risk of loss and should be considered carefully.

Municipal Securities – Municipal securities refer to bonds or other financial instruments issued by local governments. Potential issuers of municipal bonds include cities, counties, redevelopment agencies, special-purpose districts, school districts, public utility districts, publicly owned airports and seaports, and any other governmental entity (or group of governments) below the state level. Municipal bonds may be general obligations of the issuer or secured by specified revenues. In the United States, interest income received by

holders of municipal bonds is often exempt from the federal income tax and from the income tax of the state in which they are issued, although municipal bonds issued for certain purposes may not be tax exempt.

Municipal securities often have a relatively low risk of loss profile as the municipality may have the authority to increase taxes to pay debt obligations. In an investment risk spectrum they are considered riskier than government bonds and less risky than corporate bonds. Their interest rates are generally lower, but for most issues, the interest income is federally tax-exempt. The rates that municipal securities issuers must pay investors are dependent on the assessment of the issuer's financial strength by the rating agencies.

Mutual Fund Shares – A mutual fund is a professionally managed type of collective investment vehicle that pools money from many investors and invests typically in investment securities (stocks, bonds, short-term money market instruments, other mutual funds, other securities, and/or commodities such as precious metals). The mutual fund will have a fund manager that trades (buys and sells) the fund's investments in accordance with the fund's investment objective. In the U.S., a fund registered with the SEC and satisfying certain Internal Revenue Service (the "IRS") rules must distribute nearly all of its net income and net realized gains from the sale of securities (if any) to its investors at least annually. Most funds are overseen by a board of directors or trustees (if the U.S. fund is organized as a trust as they commonly are) which is charged with ensuring the fund is managed appropriately by its investment adviser and other service organizations and vendors, all in the best interests of the fund's investors. Since 1940 in the U.S., with the passage of the Investment Company Act of 1940 (the "Company Act") and the Investment Advisers Act of 1940 (the "Advisers Act"), there have been three basic types of registered investment companies: open-end funds (or mutual funds), unit investment trusts ("UITs"), and closed-end funds. Other types of funds that have gained in popularity are ETFs and hedge funds.

In the U.S., investment advisers that manage mutual funds and the funds themselves must be registered with the SEC and must continually meet strict guidelines for how they manage their funds, the fees they charge and how they do their accounting. The aim of the fund is to distribute the investment risk across a number of different securities in a way that stimulates the growth of the fund while minimizing the risk. While there is always a risk of loss, mutual fund shares are a positive way to protect and grow assets.

Options Contracts on Securities and Commodities – In finance, an option is a derivative financial instrument that establishes a contract between two parties concerning the buying or selling of an asset at a reference price. The buyer of the option gains the right, but not the obligation, to engage in some specific transaction on the asset while the writer incurs the obligation to fulfill the transaction if so requested by the buyer. The price of an option derives from the difference between the reference price of the option and the value of the underlying asset (commonly a stock, a bond, a currency or a futures contract) plus a premium based on the time remaining until the expiration of the option. Other types of options exist. Options can in principle be created for any type of asset. An option that conveys the right to buy something is called a call. An option that conveys the right to sell is called a put. The reference price at which the underlying asset may be traded is called the strike price or exercise price. The process of activating an option and thereby trading the underlying asset at the agreed-upon price is referred to as exercising the option. Most options have an expiration date. If the option is not exercised by the expiration date, it becomes void and worthless. In return for granting the option, called writing the option, the originator of the option collects a payment, the premium, from the buyer. The writer of an option must make good on delivering (or receiving) the underlying asset or its cash equivalent, if the option is exercised. An option can usually be sold by its original buyer to another party.

Options are a derivative investment, similar to futures. An important difference is that a buyer of an option is not obligated to replace any lost cash value to the option when the price moves adversely. Futures contract holders must add cash to their account when the prices move adversely beyond the strike price and the value of the futures contract drops below the basic value. At the end of the option period, an option simply expires and its value falls to zero. In a futures contract, the parties to the contract must perform according to the contract. The value of options are determined by the factors of the current price of the underlying security, the interest rate, the time remaining on the option, the volatility of the price of the underlying security (how much it fluctuates) and the original price (premium) paid for the option. The value of options can fluctuate quickly and as such are considered a high-risk investment. Because the buyer has the right to act rather than the obligation to act,

options are considered less risky than futures contracts.

Private Placement of Securities – Companies seeking to raise investment funds in the early days of their development will approach qualified investors to participate in private placement investments. Private placements are generally exempt from registration under both federal and state securities laws.

Private placement of securities is a risky investment. Most often the companies are in the earliest rounds of development, may not have a proven product or have clearly validated their target market or have proven the applicability of their product to that market. It is highly likely the companies that seek private placement of securities will need additional capital in future investment rounds. These future rounds of new capital often dilute the equity interest of earlier investors. Due diligence is difficult unless the management and principals are personally known to the investors. Even that familiarity is no guarantee that invested moneys will increase in value. Frequently, the companies that receive such investments fail completely and all invested monies are lost.

Real Estate Investments – Real estate investments consist of the purchase of land, buildings and businesses or provision of financing for any of the above.

Real estate investments generally are secured by the properties to which they are linked. Whether providing financing or investing in the properties themselves, the property acts as a security for the investment. Since there is collateral for the investment, there should be less risk. The greatest risk is based on the accuracy of the valuation of the underlying property. As has been seen in recent years, property values can be artificially inflated. When the market realigns to more realistic values often there is an over-reaction that drives the liquid value well below the real value of the property. There is a second layer of risk that is related to liquidity of real estate investments. Sometimes, especially in adverse markets, the ability to sell the property may be impaired and the owner must hold onto the property until its value falls well below the realistic market. This can result in substantial losses, especially to investors that cannot wait for the market to rebound.

Securities Traded Over-the-Counter – An over-the-counter security is traded in some context other than on a formal exchange such as the NYSE, TSX, AMEX, etc. The phrase "over-the-counter" can be used to refer to stocks that trade via a dealer network as opposed to on a centralized exchange. It also refers to debt securities and other financial instruments such as derivatives, which are traded through a dealer network.

In general, the reason a stock is traded over-the-counter is because the company is smaller, making it unable to meet exchange listing requirements. Also known as "unlisted stock", these securities are traded by dealers who negotiate directly with one another over computer networks and by phone. Some over-the-counter markets such as NASDAQ offer a regulatory environment comparable to listed exchanges. On the NASDAQ system, there is a special class of stocks in a subsystem called National Market System (NMS). The securities of companies traded in the NMS system have greater liquidity and stability than other NASDAQ listed over-the-counter.

Securities traded over-the-counter (unless they are traded on the NMS system) entail more risk than securities listed on U.S. stock exchanges due to more lenient reporting requirements, less regulatory oversight by the SEC, lower trading volumes and higher volatility. Without a centralized exchange, there is no process for measuring trade volumes, but reporting agencies collect real-time trade data from participating buyers and sellers to track price movements in the market. NMS stocks have a risk of loss comparable to that of exchange-listed stocks.

U.S. Government Securities – The U.S. government securities market encompasses all primary and secondary market transactions in securities issued by the U.S. Treasury, certain federal government agencies, and federal government-sponsored enterprises. Trading in government securities is conducted over the counter between brokers, dealers, and investors. In over-the-counter trading, participants trade with one another on a bilateral basis rather than on an organized exchange. Nearly all U.S. government securities are issued and transferred through a book-entry system operated by the Federal Reserve.

In the primary market, U.S. Treasury securities are issued through regularly scheduled auctions. The Federal Reserve Banks serve as conduits for the auctions, with the Federal Reserve Bank of New York coordinating

much of the auction activity. Individuals, corporations and financial institutions may participate in the auctions. Participation in U.S. Treasury auctions, however, is typically concentrated among a small number of dealer firms, known as primary dealers.

In the secondary market for government securities, trading activity takes place between primary dealers and non-primary dealers. Customers of these dealers are financial institutions, non-financial institutions and individuals. The majority of transactions between primary dealers and other large market participants are conducted through inter-dealer brokers that provide both anonymity and price information to market participants. Approximately 2,000 securities brokers and dealers are registered to operate in the U.S. government securities market.

U.S. government securities are generally considered some of the least risky investments for investors. In general, governments pay their debts, but it also means government securities do not pay as much interest as some private sector bonds.

Warrants – A warrant is somewhat similar to an option. Options are discussed above in this Item 8 under "Option Contracts on Securities and Commodities." Like an option, a warrant gives the holder the right but not the obligation to buy an underlying security at a certain price, quantity and future time. It is unlike an option in that a warrant is issued by a company, whereas an option is an instrument of an exchange. The security represented in the warrant (usually share equity) is delivered by the issuing company instead of by an investor holding the shares. There are two different types of warrants: a call warrant and a put warrant. A call warrant represents a specific number of shares that can be purchased from the issuer at a specific price, on or before a certain date. A put warrant represents a certain amount of equity that can be sold back to the issuer at a specified price, on or before a stated date. Like any other type of investment, warrants also have their drawbacks and risks. The leverage and gearing warrants offer can be high. Warrants can also work to the disadvantage of the investor. The value of the warrant can drop to zero if the value of the underlying security falls outside the value point of the warrant. If that were to happen before it is exercised, the warrant would lose any redemption value. A holder of a warrant does not have any voting, shareholder or dividend rights. The investor can therefore have no say in the functioning of the company, even though he or she is affected by any decisions made.

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.

Item 9 – Disciplinary Information

There are no legal, regulatory or disciplinary events involving AAM or its owner. AAM and its Advisory Persons value the trust Client's place in the Advisor. The Advisor encourages Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor and its Advisory Persons are available on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by searching with the Advisor's firm name or CRD# 151620.

Item 10 – Other Financial Industry Activities and Affiliations

The sole business of AAM and Mr. Tallent is to provide investment advisory services to its Clients. Neither AAM nor its advisory personnel are involved in other business endeavors. AAM does not maintain any affiliations with other firms, other than contracted service providers to assist with the servicing of its Client's accounts.

Use of Independent Managers

As noted in Item 4, the Advisor may implement all or a portion of a Client's investment portfolio with one or more Independent Managers. The Advisor does not receive any compensation nor does this present a material conflict of interest. The Advisor will only earn its investment advisory fee as described in Item 5.A.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics

AAM has implemented a Code of Ethics that defines the Advisor's fiduciary commitment to each Client. This Code of Ethics applies to all persons associated with AAM ("Supervised Persons"). The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding the Advisor's duties to the Client. AAM and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of AAM associates to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code of Ethics covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Code of Ethics, please contact the Advisor at (505) 310-1783.

B. Personal Trading with Material Interest

AAM allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. AAM does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advise an investment company. AAM does not have a material interest in any securities traded in Client accounts.

C. Personal Trading in Same Securities as Clients

AAM allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommend (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must disclosed and mitigated through policies and procedures. As noted above, we have adopted, consistent with Section 204A of the Investment Advisers Act of 1940, a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. When trading for personal accounts, Supervised Persons of AAM have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by AAM conducting a coordinated review of personal accounts and the accounts of Clients. The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information.

D. Personal Trading at Same Time as Client

While AAM allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterward. **At no time will AAM, or any Supervised Person of AAM, transact in any security to the detriment of any Client.**

Item 12 – Brokerage Practices

A. Recommendation of Custodian[s]

AAM often does not place trades for its Clients, due the the types investments and allocation to unaffiliated investment managers.

For Clients participating in a managed accounts program, the selection of a custodian will be required. AAM does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize AAM to direct trades to the Custodian as agreed in the investment advisory agreement. Further, AAM does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.

Where AAM does not exercise discretion over the selection of the Custodian, it may recommend the Custodian to Clients for custody and execution services. AAM may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and location of the Custodian's offices. Clients are not obligated to use the Custodian recommended by the Advisor and will not incur any extra fee or cost associated with using a broker-dealer/custodian not recommended by

AAM. However, if a custodian is used where AAM does not have an institutional relationship, the Advisor may be limited in the services it can provide. AAM will generally recommend that Clients establish their account[s] at Charles Schwab & Co., Inc. ("Schwab"), where the Advisor maintains an institutional relationship. Factors which AAM considers in recommending Schwab or any other broker-dealer/custodian to Clients include their respective financial strength, reputation, execution, pricing, research service, and/or the location of the Custodian's offices. AAM may enable the Advisor to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other financial institutions. AAM maintains an institutional relationship with Schwab, whereby the Advisor receives economic benefits from Schwab. Please see Item 14 below.

Following are additional details regarding the brokerage practices of the Advisor:

1. Soft Dollars - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with a broker-dealer/custodian in exchange for research and other services. AAM does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. **However, the Advisor does receive certain benefits from Schwab, as detailed in Item 14 below.**

2. Brokerage Referrals - AAM does not receive any compensation from any third party in connection with the recommendation for establishing an account.

3. Directed Brokerage - All Clients are serviced on a "directed brokerage basis", where AAM will place trades within the established account[s] at the Custodian designated by the Client. Further, all Client accounts are traded within their respective account[s] at the Custodian. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). In selecting the Custodian, AAM will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

B. Aggregating and Allocating Trades

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of the order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. AAM will execute its transactions through the Custodian as directed by the Client. When the purchase or sale of a security is deemed to be in the best interest of more than one Client account, it is the AAM may aggregate orders for the purchase or sale of securities for all such Client accounts, which it maintains discretionary authority, and to the extent consistent with best execution and the terms of the relevant Advisory Agreements. AAM will allocate aggregated trades on a pro-rata basis when possible. If all transactions for a particular security cannot be aggregated, such as a non-discretionary account and discretionary account, AAM may trade on a partial aggregated basis or account by account. The Advisor has developed procedures to ensure changes in the order of which accounts are traded first such as random allocation. To ensure AAM does not favor any advisory account over any other account, AAM has implemented policies and procedures to mitigate conflicts. For instance, the Advisor will not include individual accounts and collective investment vehicles in which the Advisor, or its Supervised Persons, might have an interest in the event a random allocation is required.

Item 13 – Review of Accounts

A. Frequency of Reviews

Securities in Client accounts are monitored on a regular and continuous basis by Mr. Tallent, Manager and Chief Compliance Officer of AAM. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client.

B. Causes for Reviews

In addition to the investment monitoring noted in Item 13.A. above, each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account[s]. The Client is encouraged to notify AAM if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

C. Review Reports

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

Item 14 – Client Referrals and Other Compensation

A. Compensation Received by AAM

AAM is a fee-only advisory firm, who, in all circumstances, is compensated solely by the Client. AAM does not receive commissions or other compensation from product sponsors, broker-dealers or any un-related third party. AAM may refer Clients to various third-party professionals to provide certain financial services necessary to meet the goals of its Clients. Likewise, AAM may receive referrals of new Clients from a third-party.

Participation in Institutional Advisor Platform

Schwab provides AAM and its Clients with access to Schwab's institutional brokerage services (trading, custody, reporting and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services, which are generally available on an unsolicited basis (we do not have to request them) and at no charge to AAM. Some of these services help us manage or administer our Clients' accounts, and others help us manage and grow our business. These services include:

Services that Benefit Clients – Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our Clients. Schwab's services described in this paragraph generally benefit our Clients.

Services that May Not Directly Benefit Clients – Schwab also makes available to us other products and services that benefit AAM but may not directly benefit Clients or their accounts. These products and services assist us in managing and administering our Clients' accounts. They include investment research, both Schwab's own and that of third parties. We use this research to service all or substantially of our Clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to Client account data (i.e. duplicate trade confirmations and account statements);
- facilitates trade execution and allocates aggregated trade orders for multiple Client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and Client reporting

Services and Support that Generally Benefit Only AAM – Schwab also offers other services and support intended to help AAM manage and further develop our firm. These services and support include:

- educational conferences and events;

- business entertainment of our personnel (so long as such activity is not inconsistent with our Code of Ethics)
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers

B. Compensation for Client Referrals

AAM does not compensate, either directly or indirectly, any persons who are not supervised persons, for Client referrals.

Item 15 – Custody

AAM does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Advisor's fees. All Clients must place their assets with a "qualified custodian". Clients are required to engage the Custodian to retain their funds and securities and direct AAM to utilize the Custodian for the Client's security transactions. AAM encourages Clients to review statements provided by the Custodian. For more information about custodians and brokerage practices, see Item 12 – Brokerage Practices.

Item 16 – Investment Discretion

AAM generally does not have discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior approval from the Client. The Advisor will contact the Client and obtain approval prior to executing trades or allocating investment assets.

If AAM has discretionary over Client assets, as specified in the agreement with the Client. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment advisory agreement containing all applicable limitations to such authority. When AAM has discretionary authority, it has full discretionary power to purchase, sell and exchange securities, exercise all rights conferred on the holder of such assets, and reinvest all proceeds. However these purchases or sales may be subject to specified investment objectives, guidelines or limitations previously set forth by the Client and agreed to by AAM.

In recommending investments or making investment decisions, AAM observes any investment limitations or restrictions that Clients provide to AAM.

Item 17 – Voting Client Securities

AAM generally does not vote proxies with respect to securities held by Clients, except for its role as discretionary investment advisor to the LLCs described in Item 4. When voting proxies, AAM determines the vote that is in accordance with the best interests of the Client before voting the applicable proxy. If a conflict of interest arises in voting a proxy, AAM will obtain the consent of the Client before voting the applicable proxy. If a Client wishes to direct how AAM votes a proxy on a particular issue, it must instruct AAM. On request, AAM will send a copy of its proxy voting policy to any Client for whom AAM votes proxies, and AAM will disclose to the Client how AAM voted proxies for the Client.

Item 18 – Financial Information

Neither AAM, nor its management, have any adverse financial situations that would reasonably impair the ability of AAM to meet all obligations to its Clients. Neither AAM, nor any of its Advisory Persons, have been subject to a bankruptcy or financial compromise. AAM is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect fees of \$1,200 or more for services to be performed six months or more in advance.

Form ADV Part 2B – Brochure Supplement

for

**James M. Tallent
Manager and Chief Compliance Officer**

Effective: December 15, 2023

This Form ADV 2B (“Brochure Supplement”) provides information about the background and qualifications of James M. Tallent (CRD# **1265055**) in addition to the information contained in the Atrato Asset Management LLC (“AAM” or the “Advisor”) (CRD # 151620) Disclosure Brochure. If you have not received a copy of the Disclosure Brochure or if you have any questions about the contents of the AAM Disclosure Brochure or this Brochure Supplement, please contact the Advisor at (505) 310-1783.

Additional information about Mr. Tallent is available on the SEC’s Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by searching with his full name or his Individual CRD# 1265055.

Item 2 – Educational Background and Business Experience

James M. Tallent, born in 1962, is dedicated to advising Clients of AAM in his role as the Manager and Chief Compliance Officer. Mr. Tallent earned a Bachelor of Arts in Business with an emphasis in Finance from Washington State University in 1984. Mr. Atrato also attended Golden Gate University for Tax Classes from 1984 to 1985. Additional information regarding Mr. Tallent's employment history is included below.

Employment History:

Manager, Chief Compliance Officer and primary Owner, Atrato Asset Management LLC	08/2009 to Present
Registered Broker Representative and Investment Advisor Representative, Waveland Capital Partners, LLC	06/2009 to 03/2011
Managing Member, A.C. WilDen Holdings, LLC	10/1997 to 03/2010
Managing Member, A.C. WilDen Realty, LLC	10/1997 to 03/2010
Managing Member, Rueppelli Holdings, LLC	10/1997 to 03/2010
President, Peppers Food and Beverage Company	04/2003 to 12/2007

Item 3 – Disciplinary Information

There are no legal, civil or disciplinary events to disclose regarding Mr. Tallent. Mr. Tallent has never been involved in any regulatory, civil or criminal action. There have been no client complaints, lawsuits, arbitration claims or administrative proceedings against Mr. Tallent.

Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices. ***As previously noted, there are no legal, civil or disciplinary events to disclose regarding Mr. Tallent.***

However, we do encourage you to independently view the background of Mr. Tallent on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by searching his full name or Individual CRD# 1265055.

Item 4 – Other Business Activities

Mr. Tallent is dedicated to the investment advisory activities of AAM's Clients. Mr. Tallent does not have any other business activities.

Item 5 – Additional Compensation

Mr. Tallent is dedicated to the investment advisory activities of AAM's Clients. Mr. Tallent does not receive any additional forms of compensation.

Item 6 – Supervision

Mr. Tallent serves as the Manager and Chief Compliance Officer of AAM. Mr. Tallent can be reached at (505) 310-1783. AAM has implemented a Code of Ethics, an internal compliance document that guides each Supervised Person in meeting their fiduciary obligations to Clients of AAM. Further, AAM is subject to regulatory oversight by various agencies. These agencies require registration by AAM and its Supervised Persons. As a registered entity, AAM is subject to examinations by regulators, which may be announced or unannounced. AAM is required to periodically update the information provided to these agencies and to provide various reports regarding the business activities and assets of the Advisor.

Privacy Policy

Effective Date: December 15, 2023

Our Commitment to You

Atrato Asset Management LLC ("AAM" or the "Advisor") is committed to safeguarding the use of personal information of our Clients (also referred to as "you" and "your") that we obtain as your Investment Advisor, as described here in our Privacy Policy ("Policy").

Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything that we can to maintain that trust. AAM (also referred to as "we", "our" and "us") protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you.

AAM does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and reasonable business purposes in connection with the servicing and management of our relationship with you, as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Policy.

Why you need to know?

Registered investment advisors ("RIAs") must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

What information do we collect from you?

Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number[s]	Income and expenses
E-mail address[es]	Investment activity
Account information (including other institutions)	Investment experience and goals

What Information do we collect from other sources?

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

How do we protect your information?

To safeguard your personal information from unauthorized access and use we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and access control over personal information and have policies over the transmission of data. Our associates are trained on their responsibilities to protect Client's personal information.

We require third parties that assist in providing our services to you to protect the personal information they receive from us.

How do we share your information?

An RIA shares Client personal information to effectively implement its services. In the section below, we list some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
Servicing our Clients We may share non-public personal information with non-affiliated third parties (such as administrators, brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed upon services to you, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting.	Yes	No
Marketing Purposes AAM does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where AAM or the client has a formal agreement with the financial institution. We will only share information for purposes of servicing your accounts, not for marketing purposes.	No	Not Shared
Authorized Users Your non-public personal information may be disclosed to you and persons that we believe to be your authorized agent[s] or representative[s].	Yes	Yes
Information About Former Clients AAM does not disclose and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our Clients.	No	Not Shared

Changes to our Privacy Policy

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise this Policy, and will provide you with a revised Policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

Any Questions?

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (505) 310-1783.