



Part 2A of Form ADV: Firm Brochure

## FNZ Advisers LLC

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**December 1, 2023**

This brochure provides information about the qualifications and business practices of FNZ Advisers LLC (hereinafter "*firm*" or "*we*"). If you have any questions about the contents of this brochure, please contact us at (646) 946-1614. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("*SEC*") or by any state securities authority.

Additional information about FNZ Advisers LLC  
is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 29, 2022, we have updated Item 4 to revise our indirect ownership.

- **Item 1 - Cover Page**  
We have changed our business name from YieldX Advisors LLC to FNZ Advisors LLC.  
Please refer to the Cover Page of this brochure for the new name.
- **Item 10 - Other Financial Industry Activities and Affiliations**  
We have added information regarding other employment for certain officers of FNZ Advisors.

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## Item 4 Advisory Business

### Description of Firm

FNZ Advisers LLC is a SEC-registered investment adviser primarily based in Aventura, FL. We are organized as a limited liability company ("LLC") under the laws of the State of Delaware. We have been providing investment advisory services since 01/15/2020. We are primarily owned by FNZ, Inc.

We are indirectly owned by Generation Investment Management LLP and Carisse de depot et placement du Quebec (CDPQ).

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to FNZ Advisers LLC and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

### Portfolio Management Services

We offer discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. We will also have discretion over the broker or dealer to be used for securities transactions in your account. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms.

You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

We also offer non-discretionary portfolio management services. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

As part of our portfolio management services, in addition to other types of investments (see disclosures below in this section), we may invest your assets according to one or more model portfolios developed by our firm. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Clients whose assets are invested in model portfolios may not set restrictions on the specific holdings or allocations within the model, nor the types of securities that can be purchased in the model. Nonetheless, clients may impose restrictions on investing in certain securities or types of securities in their account. In such cases, this may prevent a client from investing in certain models that are managed by our firm.

### Sub-Advisory Services to Registered Investment Advisers

We offer sub-advisory services to unaffiliated third party money managers (the "Primary Investment Adviser"). As part of these services, we will manage assets delegated to our firm by the Primary Investment Adviser. While we are responsible for the overall management of the assets delegated to our firm, we will not communicate investment recommendations or selections directly to the Primary Investment Adviser's individual clients.

## **Wrap Fee Program(s)**

We are a portfolio manager to and sponsor of a wrap fee program, which is a type of investment program that provides clients with access to several money managers or mutual fund asset allocation models for a single fee that includes administrative fees, management fees, and commissions. If you participate in our wrap fee program, you will pay our firm a single fee, which includes our money management fees, certain transaction costs, and custodial and administrative costs. We receive a portion of the wrap fee for our services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program.

Transactions for your account must be executed by Apex Clearing Corporation, a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by Apex or other broker-dealers, and the advisory fees charged by investment advisers. For more information concerning the Wrap Fee Program, see *Appendix 1* to this Brochure.

We primarily offer advice on equity securities, corporate debt securities, mutual fund shares and ETFs. Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

In general, we manage wrap fee accounts on a discretionary basis. Wrap fee accounts are typically more appropriate for active accounts and are managed accordingly. We also manage non-wrap fee accounts on either a discretionary or a non-discretionary basis, and may include a different investment strategy in managing non-wrap accounts.

If you participate in a wrap fee program, we will provide you with a separate Wrap Fee Program Brochure explaining the program and costs associated with the program. You should also review this Part 2A thoroughly to evaluate any differences between the services we offer as wrap versus non-wrap.

## **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);

- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

### **Model Strategies**

We will construct asset allocation strategies and model portfolios where it selects the underlying investments for such model portfolios ("*Model Strategies*") for a variety of investors. Model Strategies are created to fulfill a particular investment objective and may be executed at different levels of customization for investors. We will provide access to the Model Strategies and provide services to such Model Strategies in accordance with the terms of the applicable investment management agreements, service agreements, organizational documents or offering documents. Model Strategies may be executed through and maintained by an independent investment adviser and those Model Strategies will not be modified for individual investors and may include allocations to Registered Investment Companies, and, in certain cases, SMAs that are organized, controlled, advised and/or managed by investment managers (including affiliates of FNZ Advisers LLC). Model Strategies also may be completely customized for investors that are our clients and may include an allocation of assets to any appropriate investment strategy or product based on the client's investment objective. Model Strategies generally are made available to investors on a non-discretionary basis.

### **Cash Management Services**

FNZ Advisers LLC provides investment advice with the purpose of helping our clients create and maintain a disciplined approach to investing funds prudently and effectively. Cash management clients utilize primarily the following Fixed Income Securities: U.S. treasuries and government securities; government agencies; highly rated corporate and municipal securities; certificates of deposit that are either with a highly rated bank or are fully insured; and AAA-rated money market mutual funds. We develop an understanding of the client's cash flow needs with respect to the money being invested. Once investment types have been agreed upon with the client and we have an understanding of expected cash flows, we then look to the yield curve to determine the appropriate strategy. Most cash management clients will require maturities of less than two years, but may invest greater than two years but less than five years under certain conditions. Once we have this information, there are several buy-and-hold strategies that we generally recommend to our cash management clients:

*Traditional Laddered Approach.* We use this approach when the yield curve is normal. Here, we recommend matching securities with the expected cash flow schedule keeping in mind liquidity needs. In this approach, investments will mature in amounts greater than the cash flow estimates to reduce the need to sell a security before it matures.

*Modified Laddered Approach.* This approach is used when the yield curve is inverted (downward sloping) or humped. In the case of an inverted yield curve, our approach would be to recommend investing larger maturities in the short end of the yield curve. In the case of a humped yield curve, our approach would be to recommend matching maturity amounts to cash flows for the part of the yield curve that is upward sloping, and then invest larger amounts at the top of the yield curve.

*Core Balance Approach.* This approach is used for clients with core operating fund balances that can be invested two years or longer. We initially recommend structuring investments to mature at regular intervals up to two years or longer. As investments mature, the proceeds are reinvested in longer term investments, with the goal of eventually having all investments effectively earning longer term interest rates, while also providing liquidity with regular maturities.

### **Assets Under Management**

As of December 31, 2022, we provide continuous management services for \$105,000,000 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

### **Portfolio Management Services**

Our annual fee for portfolio management services varies depending upon the market value of your assets under our management, the type and complexity of the asset management services provided, as well as the level of administration requested either directly or assumed by the client. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion. Our advisory fee is negotiable, depending on individual client circumstances. Please refer to your advisory agreement for the specific fees charged to manage your account.

Our annual portfolio management fee is billed and payable, quarterly in arrears on or after the last business day of the calendar quarter. The Advisory Fee for a calendar quarter for each Advisory Account shall be an amount equal to percentage rate multiplied by the average (mean) value of the Assets in an Advisory Account during the calendar quarter. If your agreement commences or terminates during a calendar quarter, the Advisory Fee for that quarter shall be prorated based on the portion of such calendar quarter during which this Agreement was in effect. If this Agreement terminates during a calendar quarter, the Advisory Fee for that quarter shall be based on the value of an Advisory Account on the date of termination.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

You may terminate the portfolio management agreement upon 30 days' notice. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Sub-Advisory Services for Registered Investment Advisers**

Fees and payment arrangements are negotiable and will vary on a case-by-case basis

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

### **Portfolio Management Services**

We generally do not charge performance-based fees. However, on occasion we may provide a customized arrangement for a qualified client to pay a performance-based fee. Qualified clients are those clients that have a net worth greater than \$2,200,000 or for whom we manage at least \$1,100,000 immediately after entering an agreement for our services. The arrangements for such will be detailed in the agreement with the client. Fees will be adjusted for deposits and withdrawals made during the 12-month period. In the event the client makes a complete withdrawal from the account on a date other than year-end, fees will be due at the time of withdrawal. Refer to the *Fees and Compensation* section above for additional information on this topic.



We manage accounts that are charged performance-based fees while at the same time managing accounts (perhaps with similar objectives) that are not charged performance-based fees ("side-by-side management"). Performance-based fees and side-by-side management create conflicts of interest, which we have identified and described in the following paragraphs.

Performance-based fees create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, a senior officer of our firm periodically reviews client accounts to ensure that investments are suitable and that the account is being managed according to the client's investment objectives and risk tolerance.

Performance-based fees may also create an incentive for our firm to overvalue investments which lack a market quotation. In order to address such conflict, we have adopted policies and procedures that require our firm to "fairly value" any investments, which do not have a readily ascertainable value.

Side-by-side management might provide an incentive for our firm to favor accounts for which we receive a performance-based fee. For example, we may have an incentive to allocate limited investment opportunities, such as initial public offerings, to clients who are charged performance-based fees over clients who are charged asset based fees only. To address this conflict of interest, we have instituted policies and procedures that require our firm to allocate investment opportunities (if they are suitable) in an effort to avoid favoritism among our clients, regardless of whether the client is charged performance fees.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals (other than high net worth individuals), high net worth individuals, registered investment advisors and corporations or other businesses.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your Account if it falls below a minimum size which, in our sole opinion, is too small to manage effectively.

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

### Discretionary Investment Management Services

As noted in Item 4, FNZ Advisers LLC provides discretionary investment management services to a variety of institutional and individual clients, including SMAs. The following discussion summarizes our investment strategies in general and discusses certain risks of investing in various types of securities. All investing involves the risk of loss which clients should be prepared to bear.

Our SMA accounts principally involve one or more fixed income or other income generating securities or balanced strategies involving investments in primarily Fixed Income Securities. We may offer strategies investing principally in Registered Investment Companies which involve all of the risks of investing in the fixed income asset class, as well as risks specific to the particular type of Registered Investment Company. Following is a general description of our approach to investing in various asset classes and certain risk factors applicable to each.

### Risks

Investing in securities in all asset classes involves a risk of loss that the client should be prepared to bear. Our securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. There are no



assurances that any model portfolios for clients will succeed. We cannot give any guarantee that a client's investment objectives will be achieved or that a client will receive a return on their investment. Other potentially material risks may include:

*Fixed Income Securities.* FNZ Advisers LLC utilizes fixed income strategies that are actively managed or model or index based. Actively managed fixed income mandates generally employ an active investment style that emphasizes rotation among different types of debt on a relative value basis, specific security selection, quantitative analysis of each security and the portfolio as a whole and intensive credit analysis and review. Model-based strategies typically invest across a broad spectrum of Fixed Income Securities, as well as currencies, futures and swaps. A risk-controlled, systematic process is utilized for model-based portfolio construction

Typically, the Fixed Income Securities portion of balanced SMA accounts is achieved through the use of fixed income Registered Investment Companies and may include exposure to additional fixed income asset classes; these additional asset classes are discussed below.

The primary risk of investing in fixed income securities is that they may decline in value for a variety of reasons, including a broad market downturn, a rising interest rate environment, unfavorable developments affecting an entire industry, and specific events affecting a single company. The following is a partial list of the risks associated with investing in various types of Fixed Income Securities:

- All bonds are subject to various risks including higher interest rates as fixed income securities typically decline in value as interest rates rise), economic recession, possible rating downgrades by one or more rating agencies, and possible defaults of interest and/or principal payments by the issuer.
- High-yield or "junk" bonds are rated below investment grade and are subject to a higher risk of rating downgrade and issuer default than investment-grade bonds, and are more affected by an economic recession. The prices of high-yield bonds tend to fluctuate more than those of investment grade bonds.
- U.S. government securities are guaranteed only as to the timely payment of interest and the payment of principal when held to maturity. Accordingly, the current market values for these securities will fluctuate with changes in interest rates. Securities issued or guaranteed by U.S. government agencies and instrumentalities are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. government. No assurance can be given that the U.S. government will provide financial support to its agencies and instrumentalities if it is not obligated by law to do so.
- Fixed Income Securities issued by foreign issuers are subject to additional risks including foreign currency fluctuations, foreign political risks, foreign tax withholding, possible lack of adequate financial information and possible exchange control restrictions. Additionally, these risks may be more pronounced in emerging markets where the securities markets are substantially smaller, less liquid, less regulated, and more volatile than developed foreign markets.
- Senior loan securities are typically high-yield, floating rate corporate debt securities which are senior in a company's capital structure to unsecured debt securities. Like all high-yield securities, such securities carry a heightened risk of a rating downgrade or issuer default than investment grade securities.
- Municipal bonds are issued by states, counties or other municipal authorities and are subject to additional risks, including deterioration in the financial condition of the municipal issuer and potential changes in tax laws affecting the tax-free status of municipal bonds. Adverse conditions in an industry significant to a local economy could have a correspondingly adverse effect on the financial condition of local issuers. The amount of public information available

about municipal bonds is generally less than for certain corporate equities or bonds, meaning that the investment performance may be more dependent on the analytical abilities of FNZ Advisers LLC than investing in corporate investments.

- Preferred securities generally are subordinated to bonds and other debt instruments in a company's capital structure and therefore will be subject to greater credit risk than those debt instruments. In addition, preferred securities are subject to other risks, such as having no or limited voting rights, being subject to special redemption rights, having distributions deferred or skipped, having floating interest rates or dividends, which may result in a decline in value in a falling interest rate environment, having limited liquidity, changing or unfavorable tax treatments and possibly being issued by companies in heavily regulated industries.
- Asset- and mortgage-backed securities may be more sensitive to changes in interest rates than traditional Fixed Income Securities as rising rates tend to extend the duration of such securities. In addition, these securities are subject to prepayment risk, since borrowers may pay off their debt sooner than anticipated, particularly during a period of declining interest rates. Subprime asset and mortgage-backed securities are subject to a higher risk of rating downgrade or defaults than higher rated securities.
- The value of a REIT can be hurt by economic downturns or by changes in real estate values, rents, property taxes, interest rates, tax treatment, regulations, or the legal structure of the REIT. By investing in REITs, clients bear their proportionate share of the expenses of the REITs.
- Investments in common units of MLPs involve risks that differ from investments in common stock, including risks related to limited control and limited rights to vote. An investment in an MLP also exposes the investor to the legal and tax risks associated with investing in partnerships. MLPs may have limited financial resources, their securities may be relatively illiquid, and they may be subject to more erratic price movements because of the underlying assets they hold.

***Illiquid Credit Strategy.*** Illiquid credit refers to income producing assets that do not have an active secondary market in which they can be traded. Illiquid credit assets can be long-term, such as 25-year leases on commercial property, or short- or medium-term credits, such as corporate loans made by non-bank entities and trade receivables. Although investing in these types of Fixed Income Securities could provide an investor with an income stream in excess of that from readily marketable corporate bonds through exposure to credits that are not available in public bond markets, the possibility of enhanced returns is derived from the inherent complexity and illiquidity of the assets. Illiquid credit are private debt investments that do not typically offer trading volumes, public credit ratings or public pricing information. Therefore, clients will be reliant on FNZ Advisers LLC to perform due diligence and analysis of the individual credits, maintain strong relationships with the market participants and monitor the performance of each investment for an illiquid credit strategy to succeed.

While illiquid credit has much in common with public bond market investing, these assets lie outside the mainstream of Fixed Income Securities. The illiquidity of these assets may make it difficult to sell the assets if the need arises. If a client needs to sell all or a portion of a portfolio over a short period of time, the client may realize significantly less value than the value at which it had previously recorded those assets. There can be no assurance that clients will be able to generate enhanced returns for their investment or that the returns will be commensurate with the risks of investing in illiquid credit.

***CEFs, ETFs, UITs and other Investment Companies.*** Certain SMA accounts invest all or a portion of clients' portfolios in Registered Investment Companies. The underlying Registered Investment Companies may invest in a wide variety of Fixed Income Securities and other asset classes. Our approach to the selection of Registered Investment Companies involves a variety of fundamental and performance-related criteria and involves both quantitative and qualitative analysis of the applicable sector. A portion of an SMA portfolio may be reserved for a tactical overweighting or underweighting of

various Fixed Income Securities or other asset classes based on our current outlook for things such as specific asset classes, industries or global geographic regions. As Registered Investment Companies invest in a variety of Fixed Income Securities and other asset classes and thus are subject to the applicable risks previously identified above. Additionally, Registered Investment Companies are each unique securities in their own right and are subject to additional risks that are discussed below:

- Registered Investment Companies are subject to the funds' managements' abilities to manage the underlying portfolios to meet the funds' stated investment objectives.
- Investing in other investment companies is subject to risks affecting the Investment Company, including the possibility that the value of the underlying securities held by the investment company could decrease. Moreover, such an investment will incur its pro rata share of the expenses of the underlying Registered Investment Companies' expenses.
- CEFs, unlike open-end funds which trade at prices based on a current determination of a fund's net asset value, frequently trade at a discount to their net asset value in the secondary market. Additionally, many CEFs employ leverage to achieve greater returns. A leverage strategy often increases the volatility of such CEFs.
- ETFs also may trade at a discount to their net asset value in the secondary market. The structure of an ETF is such that most ETFs' market prices tend to track the funds' respective net asset value closely, but this may not always be the case, particularly during periods of extreme market volatility.
- Most ETFs are designed to track a specified market index; however, in some cases an ETF's return may deviate from the specified index. Certain ETFs are actively managed ETFs and are subject to management risk. Furthermore, unlike open-end funds, investors are generally not able to purchase ETF shares directly from the fund sponsor nor redeem ETF shares with the fund sponsor. Rather, only specified large blocks of ETF shares called "creation units" can be purchased from, or redeemed with, the fund.
- UITs unlike mutual funds and ETFs, hold a fixed portfolio of securities that is unmanaged and altered only in rare circumstances. In the event an investor elects to dispose of a UIT prior to its stated termination date, it can do so through a secondary market transaction with the UIT sponsor or through redemption at the current net asset value of the UIT, which may have decreased since the initial date of deposit.

*Equity Securities.* Our investment management process utilizes both quantitative and qualitative analysis to assess a company's ability to generate cash flow and its current valuation relative to intrinsic value. We believe the disciplined, systematic application of its proprietary process will lead to long-term value creation. The primary risk of investing in equity securities is that they may decline in value for a variety of reasons, including a broad market downturn, unfavorable developments affecting an entire industry, and specific events affecting a single company. The following is a partial list of the risks associated with investing in various types of equity securities:

- An investment in equity securities should be made with an understanding of the risks involved with owning common stocks, such as an economic recession and the possible deterioration of either the financial condition of the issuers of the equity securities or the general condition of the stock market.
- An investment in foreign stocks is subject to additional risks, including foreign currency fluctuations, foreign political risks, foreign withholding, possible lack of adequate financial information, and possible exchange control restrictions impacting foreign issuers. These risks may be more pronounced in emerging markets where the securities markets are substantially smaller, less liquid, less regulated and more volatile than developed foreign markets.
- An investment in small-capitalization or mid-capitalization companies may be more volatile than investments in larger, more established companies, and securities of small and mid- size companies typically have more limited trading volumes.

- A portfolio may be concentrated in a particular industry or sector which involves more risk than a broadly diversified portfolio.

*Commodities-Linked Investments.* The performance of commodity-linked investments, including derivatives, may depend on the performance of the overall commodities markets and on other factors that affect the value of commodities, including weather, political, tax, and other regulatory and market developments. Commodity-linked notes may be leveraged. Commodity-linked investments may be hybrid instruments that can have substantial risk of loss with respect to both principal and interest. Commodity-linked investments may be more volatile and less liquid than the underlying commodity, instruments, or measures and are subject to the credit risks associated with the issuer, and their values may decline substantially if the issuer's creditworthiness deteriorates. As a result, returns of commodity-linked investments may deviate significantly from the return of the underlying commodity, instruments, or measures. Legal and regulatory changes also can affect the value of these investments.

*Derivatives.* The value of derivatives, including options, futures and options on futures also may be adversely affected if the market for derivatives is reduced or becomes illiquid. No assurance can be given that a liquid market will exist when FNZ Advisers LLC seeks to close out a position. Reasons for the absence of a liquid secondary market on an exchange include the following: (i) there may be insufficient trading interest in certain derivatives; (ii) restrictions may be imposed by an exchange on opening transactions or closing transactions or both; (iii) trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of derivatives; (iv) unusual or unforeseen circumstances may interrupt normal operations on an exchange; (v) the facilities of an exchange or the Options Clearing Corporation may not at all times be adequate to handle the then-current trading volume; or (vi) one or more exchanges could, for economic or other reasons, decide or be compelled at some future date to discontinue the trading of derivatives (or a particular class or series of derivatives). If trading were discontinued, the secondary market on that exchange (or in that class or series of derivatives) would cease to exist. However, outstanding options on that exchange that had been issued by the Options Clearing Corporation as a result of trades on that exchange would continue to be exercisable in accordance with their terms.

In addition, transactions in exchange-traded derivatives will be subject to limitations established by each of the exchanges, boards of trade or other trading facilities on which the derivatives are traded. These limitations govern the maximum number of derivatives in each class which may be written by a single investor or group of investors acting in concert, regardless of whether the derivatives are written on the same or different exchanges, boards of trade or other trading facilities or are written in one or more accounts or through one or more brokers. An exchange, board of trade or other trading facility may order the liquidation of positions found to be in excess of these limits, and it may impose other sanctions.

The use of derivatives may create leveraging risk. Leveraging may cause an account to be more volatile than if it had not been leveraged. Leverage can also arise through the use of borrowing for investment purposes. To the extent that clients purchase securities while having outstanding borrowings, the client is using leverage (i.e., using borrowed funds for investment) and the leveraging will increase the effect of any increase or decrease in the market value of a client's SMA. Money borrowed for leveraging will be subject to interest costs that may or may not be recovered by appreciation of the SMA.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in a particular investment strategy. Prospective and existing clients are encouraged to consult their own financial, legal and tax professionals in connection with the selection of and investment in a particular strategy or product. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed herein.

## **Item 9 Disciplinary Information**

Neither FNZ Advisers LLC nor its management persons have any legal or disciplinary events in the past ten years that would be material to a client's evaluation of our business or the integrity of our management.

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

FNZ Advisers LLC has financial industry activity relationships and arrangements which are material to its advisory business.

Certain of our Associated Persons, including executive officers of our firm, are employed and compensated by our parent company, FNZ, Inc. FNZ Inc. provides wealth management platform technology to financial institutions and wealth managers. Tom Bradley serves as Chief Product Officer, Asset Management Solutions at FNZ, Inc.

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

We have adopted a Code of Ethics which sets forth the ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Our Code of Ethics provides for oversight, enforcement and recordkeeping provisions. A copy of our Code of Ethics is available to our advisory clients and prospective clients upon written request to Chief Compliance Officer, at the firm's principal office address.

Our firm or individuals associated with our firm may buy or sell securities identical to those recommended to or purchased for clients for their personal accounts. In addition, any related person may have an interest or position in a certain security, which may also be recommended to a client. This practice results in a potential conflict of interest, as we may have an incentive to manipulate the timing of such purchases to obtain a better price or more favorable allocation in rare cases of limited availability.

To mitigate these potential conflicts of interest and ensure the fulfillment of our fiduciary responsibilities, we have, among other things, established the following restrictions:

1. No employee of FNZ Advisers LLC may purchase, directly or indirectly for any account in which he or she has beneficial ownership, any security in an initial public offering. This requirement also does apply to transactions in an initial public offering in an account over which an employee has granted full discretionary authority to a third party.
2. No employee of FNZ Advisers LLC may purchase, directly or indirectly for any account in which he or she has beneficial ownership, or outside such an account, any security in a limited offering (i.e., private placement) without prior written approval.
3. No employee of FNZ Advisers LLC may purchase or sell, directly or indirectly for any account in



which he or she has beneficial ownership, any security that to his or her actual knowledge is being purchased or sold, or is actively being considered for purchase or sale, by a client of FNZ Advisers LLC. This restriction, however, does not apply when the purchase or sale by the client account is a maintenance trade or an unsupervised trade.

4. Except with prior written approval of the Chief Compliance Officer, no investment person of FNZ Advisers LLC may purchase or sell, directly or indirectly for any account in which he or she has beneficial ownership, any security eligible for purchase or sale by a client account for which such investment person has responsibility. Investment persons of FNZ Advisers LLC include portfolios managers, portfolio assistants, securities analysts and traders employed by FNZ Advisers LLC, or any other persons designated as such by FNZ Advisers LLC.
5. In the event that a client account purchases or sells a security within seven days preceding or following the purchase, or purchases or sells a security within seven days preceding or following the sale, of the same security by an investment person who has responsibility for the client account, the investment person may be required to dispose of the security and/or disgorge any profits associated with his or her transaction. Such disposal and/or disgorgement may be required notwithstanding any prior written approval, unless the purchase or sale by the client account is a maintenance trade or unsupervised trade.
6. No employee of FNZ Advisers LLC may purchase or sell, directly or indirectly for any account in which he or she has beneficial ownership, any common or preferred shares of a closed-end or exchange-listed Affiliated Product without prior written approval of the Chief Compliance Officer.
7. All of our principals, associated persons and employees must act in accordance with all applicable Federal and state regulations governing registered investment advisory practices.

Any individual not in observance of the above may be subject to disciplinary action, including fine, suspension or termination.

## **Item 12 Brokerage Practices**

FNZ Advisers LLC will typically recommend Apex Clearing Corporation to serve as the custodian of client assets and broker-dealer for client transactions but we do not determine the reasonableness of such broker-dealer's compensation. As described in Item 4, we will provide advisory services to affiliates and non-affiliates that sponsor UITs and mutual funds. Those sponsors will be broker-dealers responsible for the securities transactions.

We also maintain a relationship with Drivewealth to act as custodian for clients who open accounts through an agreement we have with Rize Money, Inc.

While you are free to choose any broker-dealer or other service provider as your custodian, we recommend that you establish an account with a brokerage firm with which we have an existing relationship. Such relationships may include benefits provided to our firm, including but not limited to market information and administrative services that help our firm manage your account(s). We believe that the recommended broker-dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services recommended broker-dealers provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Aggregated Trades**

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "aggregated trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, non-wrap accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. If you participate in our wrap fee program described above, you will not pay any portion of the transaction costs in addition to the program fee. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment.

We combine multiple orders for shares of the same securities purchased for discretionary accounts; however, we do not combine orders for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

## **Item 13 Review of Accounts**

Each SMA is managed by one or more of our portfolio managers. The portfolio managers review the accounts on a continuous basis and are responsible for the day-to-day operations of the SMA, including sector weightings, cash positions, buy and sell decisions, performance and overall adherence with the investment philosophy and specific requirements of the account. A more formal review of investment policy, strategy, asset allocation and other matters will be conducted at least quarterly and more often as circumstances warrant.

FNZ Advisers LLC monitors all managed accounts on a regular basis for consistency with each client's stated investment objective and the specific investment strategy selected. SMA accounts are reviewed at least monthly. These reviews involve a comparison of accounts within the applicable strategy for unusual deviations from other accounts within the same strategy.

SMA clients receive reports on at least a quarterly basis from their designated custodian. These reports include a listing of holdings in the account, performance statistics and a detail of securities sold during the quarter.

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

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.



## **Item 15 Custody**

FNZ Advisers LLC does not have custody of client funds or securities. Each client's assets are held by a qualified custodian. However, we urge all of our clients to carefully review their quarterly reviews of account holdings and/or performance results received from their custodian. Should a client notice any discrepancies or inconsistencies, please notify the custodian as soon as possible.

## **Item 16 Investment Discretion**

As described in Item 4, FNZ Advisers LLC provides discretionary investment management services to a variety of institutional and individual clients. Every account managed by us is governed by a written contract between us and the client in which the client grants us discretionary authority to manage the account. For Registered Investment Companies, our investment discretion will be governed by the provisions of the applicable prospectus and our contract with the applicable fund, which may impose restrictions on us regarding investing in certain securities or types of securities. In the case of the Registered Investment Companies, certain of the portfolios are sub-advised by the other investment advisors who are responsible for the management of the funds' portfolios and who are subject to our oversight. For Private Funds, we will manage the fund in accordance with the fund's stated investment objectives and contractual parameters contained in the organizational documents.

SMA clients provide us with discretionary investment authority through the investment advisory contract. Generally, a client selects one or more strategies from a menu of investment strategies offered by us. Typically, the investor works with his/her financial adviser as an integral part of this process, which involves a review of the investor's financial situation, goals, experience, and risk tolerance, among other factors. Each account in a particular strategy will be managed in a similar manner. In the event there are client-imposed restrictions on investing in certain securities or types of securities, such restrictions may affect the performance of an account.

## **Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.