

**Item 1-Cover Page**

**FCF Advisors LLC**  
**Investment Adviser Brochure**  
**Form ADV Part 2A**

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October 31, 2023

This Brochure (the "Brochure") provides information about the qualifications and business practices of FCF Advisors LLC ("FCF", the "Firm", "us" or "our"). If you have any questions about the contents of this Brochure, please contact FCF's Chief Compliance Officer at (212) 217-2597. 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. FCF is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940 (the "Advisers Act"). Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

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

## **Item 2 - Material Changes and General Information**

The following is a summary of material changes to our Brochure since our last annual update dated September 13, 2022.

- Item 4: The Firm's Assets Under Management has been updated to reflect new business arrangements. The Advisory Services section was also modified to reflect certain changes made to Item 8, as described below.

This summary of any material changes will be updated annually within 90 days of the close of our fiscal year. FCF may also provide other ongoing disclosure information about material changes and a new brochure as necessary based on changes or new information, at any time, without charge.

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## **Item 4 - Advisory Business**

### **Background and Ownership Structure**

The Firm was established in 2011 and is a Delaware limited liability company with its principal place of business in New York, NY. FCF is controlled by Sausalito Partners, LLC, a Delaware limited liability company.

### **Advisory Services**

FCF is an investment adviser that uses its proprietary Free Cash Flow Quality Model (FCFQM) to help guide investment decisions. FCF provides discretionary investment advice to exchange-traded funds (the “Funds” and, each, a “Fund”) and separately managed accounts (the “SMAs” and, each, an “SMA”). FCF employs several different investment strategies for its SMAs (collectively the “Strategies”, and each a “Strategy”), which are also employed for certain of the Funds. Our Strategies generally focus on investing in equity securities of companies in the U.S. and abroad with strong free cash flow characteristics, as determined by the FCFQM. While some of the Strategies are quantitative-based, actively managed strategies, FCF also offers certain index-based strategies, which seek to track proprietary indices sponsored by FCF’s affiliate, FCF Indexes LLC (“FCF Indexes”). The Funds and investors in the SMAs shall be referred to collectively as Clients and, individually, as a Client.

### **Assets Under Management**

As of August 31, 2023, FCF had approximately \$354,372,567 in regulatory assets under management.

## **Item 5 – Fees and Compensation**

FCF charges Clients an annual investment management fee (“Fee”) as detailed below.

### **Amount & Calculation of Fees**

For more information on management fees charged to Funds, please see the applicable Fund’s Prospectus, which is available at <https://fcf-funds.com>.

Fees for SMAs range from 0.25 – 0.50% of average daily net assets.

Exceptions to the SMA Fee schedule above are made at FCF’s discretion. Unless such Fees are paid directly by the SMA Client, the SMA Client’s custodian (the “Custodian”) (chosen by the SMA Client) will deduct management fees from the SMA Client’s account and pay the Fee to FCF, as full compensation for FCF’s investment advisory services.

If the investment advisory agreement between the SMA Client and FCF is terminated, FCF’s compensation will be calculated on a pro-rata basis for the last quarter as provided above using the value of the portfolio assets as of the date of termination.

### **Costs in Addition to the Fee**

Fees for SMA Clients do not cover certain costs or charges imposed by third parties, including brokerage commissions, mark-ups/mark-downs, odd-lot differentials, exchange fees, contingent redemption fees, trustee fees, and transfer taxes mandated by law. The Custodian may also impose additional charges for special services elected by the SMA Client, including electronic fund and wire transfer fees, certificate delivery fees, and reorganization fees.

SMA Clients will typically pay transaction fees, commissions, mark-ups and mark-downs or brokerage fees (“Brokerage Fee”) on the purchase and sale of securities in their accounts. Such costs will be paid directly from SMA Clients’ accounts to the broker-dealer who completes the purchase or sale and such costs are included in the price of the security. Information relating to FCF’s brokerage practices is included in the Brokerage Practices section of this document.

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

FCF does not charge any performance-based fees at this time.

## **Item 7 - Types of Clients**

As of the date of this Brochure, FCF serves as the investment adviser to five Funds and manages five SMA Strategies. The Firm intends to manage more Funds and SMAs in the future. In addition to the Funds, the Firm seeks to perform investment advisory services on behalf of individuals, associated trusts, estates, charitable organizations, retirement plans, pension and profit-sharing plans, banking institutions, pooled investment vehicles, state or municipal government entities and other corporations, business entities or investment advisers.

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

The following describes the methods of analysis, investment strategies and risk of loss of the SMAs. For more information on the Funds, please see the applicable Fund’s Prospectus and Statement of Additional Information, which are available at <https://fcf-funds.com>.

### Investment Strategies

Some of the Strategies are actively managed and primarily invest in equity securities of U.S. or foreign companies. Certain Strategies may also invest a portion of their assets in companies located in emerging markets (*i.e.*, those that are in the early stages of their economic development). FCF seeks to achieve each actively-managed SMA’s investment objective by investing in stocks with liquidity and fundamental characteristics that are historically associated with superior long-term performance. Based on extensive historical research, FCF designed quantitative stock selection rules to assist in making allocation decisions, as explained below under “Investment Methodology and Process for Actively Managed Strategies.” Other Strategies are index based and seek to track the performance of an index sponsored by FCF Indexes (each, an “Underlying Index”), as explained below under “Investment Methodology and Process for Index-Based Strategies.”

### Investment Methodology and Process for Actively Managed Strategies

FCF utilizes its proprietary free cash flow quality model, which is based on FCF’s research and analysis, to select securities eligible for inclusion in a Strategy’s portfolio. The free cash flow quality model evaluates securities included in the target index and ranks them based on proprietary measures of free cash flow profitability, quality of earnings, and other cash-flow based metrics. Free cash flow represents the cash that is generated from a company’s operations after accounting for capital expenditures in fixed assets. The top quartile of securities ranked are intended to represent the companies with the strongest proprietary free cash flow rankings.

Under normal market circumstances, approximately 150 of the highest ranked securities are selected by the free cash flow quality model and reweighted based on their ranking to create a modified market capitalization, log weighted portfolio, which allows for increased exposure to companies with the strongest

proprietary free cash flow rankings while enhancing issuer diversification, as compared to a market capitalization weighted portfolio.

While the free cash flow quality model is run on a daily basis, it typically updates on a quarterly basis after companies report their quarterly earnings and balance sheet data. Accordingly, FCF will generally trade a Client's assets more actively on a quarterly basis, after the free cash flow quality model is updated, although FCF maintains full discretion to modify a Client's portfolio at any time.

FCF will primarily place trades for a Strategy's portfolio based on information received from the Systematic Models, but will utilize an optimization algorithm to:

- a) screen out companies with an extreme rise in shares count and/or increase in leverage;
- b) with respect to the Foreign Strategy only, determine the best vehicle (e.g., stock or depositary receipt) to trade based on liquidity and costs;
- c) determine whether to raise cash during abnormal market conditions; and
- d) determine whether to perform other active trades for securities with significant events and/or corporate actions.

FCF will also utilize an optimization algorithm to adjust the weightings of individual securities included in the free cash flow quality model until the weighted average environmental, social and governance ("ESG") score of all securities comprising the portfolio (the "Portfolio ESG Score") satisfies all of the following criteria (the "ESG Criteria"), which are based on third-party research: (i) the ESG risk rank is above "average"; (ii) the individual environmental risk score, social risk score, and governance risk score are in the top 10%; and (iii) the carbon risk score is in the top 10%. A high ESG rating is intended to imply a lower ESG risk. Because the consideration of ESG ratings is just one component of FCF's overall investment process, which primarily targets securities with the strongest proprietary free cash flow rankings, FCF may still invest a Client's assets in securities of issuers with high ESG risk profiles. The ESG factors on which the Portfolio ESG Score is based may change over time, and one or more factors may not be relevant with respect to all securities eligible for investment by a Strategy.

FCF can use derivative instruments, including exchange-traded futures contracts, to seek to protect a Strategy's current or intended investments from broad fluctuations in securities prices.

#### Investment Methodology and Process for Index-Based Strategies

When utilizing an index-based Strategy, FCF will not seek to "beat" the performance of the Underlying Index and will not seek temporary defensive measures when markets decline or appear overvalued. Instead, FCF uses an indexing investment approach to try to approximate the investment performance of the Strategy's Underlying Index by investing in a portfolio of securities that generally replicates the Underlying Index; however, there may be times when the Strategy does not hold every security in the Underlying Index. FCF expects that, over time, the correlation between a Strategy's performance, before fees and expenses, and that of its Underlying Index will be 95% or better. A figure of 100% would indicate perfect correlation.

Although FCF generally employs a "full replication" methodology in seeking to track the Underlying Index for an index-based Strategy, meaning that it typically invests in all of the securities comprising the Underlying Index in proportion to their weightings in the Underlying Index, under various circumstances, such as where it may not be possible or practicable to purchase all of those securities in those same weightings, FCF may employ a "sampling" methodology. When utilizing a sampling methodology, FCF will use a quantitative analysis to select securities from the Underlying Index universe to obtain a

representative sample of securities that have, in the aggregate, investment characteristics similar to the Underlying Index in terms of key risk factors, performance attributes and other characteristics. These include industry weightings, market capitalization, return variability, earnings valuation, yield and other financial characteristics of securities. When employing a sampling methodology, FCF bases the quantity of holdings in the Strategy on a number of factors, including asset size of the Client's account, and generally expects the Strategy to hold less than the total number of securities in its Underlying Index. However, FCF reserves the right to invest a Client's assets in as many securities as it believes necessary to achieve the Strategy's investment objective.

There also may be instances in which FCF may choose to (i) overweight or underweight a security in the Underlying Index, (ii) purchase securities not contained in the Underlying Index that FCF believes are appropriate to substitute for certain securities in the Underlying Index, or (iii) utilize various combinations of other available investment techniques in seeking to track the Underlying Index. FCF may also invest an index-based Strategy's assets in certain derivative instruments, including index futures, options, options on index futures, swap contracts or other derivatives, as related to its Underlying Index and its component securities, cash and cash equivalents, as well as in securities and other instruments not included in its Underlying Index but which FCF believes will help the Strategy track its Underlying Index.

FCF may sell securities included in an index-based Strategy's Underlying Index in anticipation of their removal from the Underlying Index, or purchase securities not included in the Underlying Index in anticipation of their addition to the Underlying Index.

#### Risk of Loss

There are inherent risks to investing in the Strategies, including but not limited to, those described below. There is no assurance that a Client will achieve its investment objective. A Client may lose money by investing in one or more SMAs.

#### *Management Risks*

FCF applies its investment techniques using proprietary investment strategies and processes that are based on quantitative stock selection rules and algorithms (the "quantitative investment process"). There can be no guarantee that a Strategy, or the quantitative investment process on which the Strategy is based, will produce the intended results. A Strategy may be adversely affected by imperfections, errors or limitations in the construction or implementation of the quantitative investment process and/or FCF's ability to monitor and timely adjust the metrics or update the data or features underlying the quantitative investment process. Any of these factors could result in an SMA underperforming comparable investment vehicles. There also can be no assurance that all of FCF's key personnel will continue to be associated with the Firm for any length of time.

#### *Index-Based Strategy Risk*

Certain Strategies are managed to seek to track the performance of an Underlying Index. This differs from an actively managed Strategy, which typically seeks to outperform a benchmark index. As a result, an index-based Strategy may hold the component securities of its Underlying Index regardless of the current or projected performance of a specific security or the relevant market as a whole. Maintaining investments in securities regardless of market conditions or the performance of individual securities could cause the Strategy's returns to be lower than if the Strategy employed an actively managed Strategy. FCF will seek to track the Strategy's Underlying Index in all market conditions, including during adverse market conditions when other Strategies may seek to take temporary defensive measures (such as investing

significantly in cash or cash equivalents). Accordingly, unless the Underlying Index allocates significant portions of its assets to cash and/or cash equivalents during times of adverse market or economic conditions, the Strategy may be subject to a higher level of market risk during such times than other Strategies. Additionally, index-based Strategies generally rebalance and reconstitute their portfolios in accordance with their respective Underlying Indexes and, therefore, any changes to the applicable Underlying Index's rebalance or reconstitution schedule will typically result in corresponding changes to the Strategy's rebalance or reconstitution schedule. Further, while FCF seeks to track the performance of the applicable Underlying Index closely (*i.e.*, to achieve a high degree of correlation with the Underlying Index), the Strategy's returns may not match or achieve a high degree of correlation with the returns of the Underlying Index due to operating expenses, transaction costs, cash flows, regulatory requirements and/or operational inefficiencies.

#### *Investment Risks*

Investments in securities involve various risks, including those summarized below. Clients and prospective Clients should be aware that investing in securities involves risk of loss that Clients should be prepared to bear.

#### *Market/Systemic Risks*

Equity, fixed income, and other global capital markets rise and fall daily. The performance of the Strategies are, to varying degrees, tied to these markets. When markets fall, the value of a Client's investments in a Strategy will fluctuate, which means a Client could lose money. In addition, local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on a Strategy and its investments. For example, an outbreak of an infectious respiratory illness, COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general. The ongoing effects of COVID-19 are unpredictable and may have an adverse impact on a Strategy and its investments. The ongoing effects of COVID-19, and the length of its impact on a Strategy or its investments, are unpredictable.

#### *Trading/Liquidity Risks*

A particular investment may be difficult to purchase or sell or may become difficult to sell after being purchased for a Client account. FCF may be unable to sell securities on behalf of a Client at an advantageous time and/or price due to then-existing trading market conditions.

#### *ESG Evaluation Risk*

The ESG factors utilized in rating a Strategy's portfolio and individual securities may vary across eligible investments and issuers, and not every ESG factor may be identified or evaluated by FCF. A Strategy's portfolio will not be solely based on ESG considerations and, therefore, the issuers in which FCF invests may not be considered ESG-focused issuers. In addition, because individual securities are only excluded from a Strategy's portfolio based on their ESG rating if the Portfolio ESG Score fails to satisfy the ESG Criteria, FCF will likely invest in securities that, individually, would not satisfy the ESG Criteria. The evaluation of ESG ratings may affect a Strategy's exposure to certain issuers or industries and may not work as intended. A Strategy may underperform other strategies that do not assess an issuer's ESG rating or that use a different methodology or different factors to determine a security's or an entire portfolio's ESG rating. Information used by FCF to evaluate the ESG rating of a Strategy's portfolio or any individual security may not be readily available, complete or accurate, and may vary across providers and issuers, as ESG is not a



uniformly defined characteristic. There is no guarantee that screening a Strategy's portfolio or individual securities based on their ESG ratings will increase the Strategy's performance.

### *Counterparty Risks*

There may be a risk of an executing broker failing to deliver securities, especially due to the large volume of step out transactions. This may result in a loss to the Client. FCF will attempt to mitigate trading counterparty risk through its broker selection program included in *Item 12 – Brokerage Practices*.

### *Custodian Risk*

If the Custodian were to go out of business, Client assets may only be protected up to the Custodian's Securities Investor Protection Corporation ("SIPC") limits.

### *Tax Risks*

Strategies are not designed to address specific tax objectives. Clients should consult a professional tax advisor for help with their unique situations.

### *Industry Concentration Risk*

A Strategy may be concentrated in an industry or group of industries, which may present more risks than a Strategy that is broadly diversified over several industries or groups of industries. Compared to the broad market, an individual industry or group of related industries may be more strongly affected by changes in the economic climate, broad market shifts, moves in a particular dominant stock or regulatory changes.

## Equity-Related Risks

### *General Risk*

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

### *Large and Mid-Cap Risks*

Stocks of large- and mid-cap companies tend to go in and out of favor based on market and economic conditions. However, stocks of mid-cap companies tend to be more volatile than those of large-cap companies because mid-cap companies tend to be more susceptible to adverse business or economic events than larger, more established companies. During a period when the large- and mid-cap segment of U.S. stock markets fall behind other types of investments—bonds or small-cap stocks, for instance—the performance of the portion of the Strategies invested in large- and/or mid-cap U.S. stocks may lag the performance of these other investments.

### *Small-Cap Risks*

Though not prevalent in the Strategies as of the date of this Brochure, historically, small-cap stocks have been riskier than large- and mid-cap U.S. stocks (also see Foreign Investment section below for additional information). Such companies often have narrower markets for their goods and/or services and more limited managerial and financial resources than larger, more established companies, and often have limited product lines, services, markets, financial resources or are dependent on a small management group. In addition,

because such securities are not well-known to the investing public, do not have significant institutional ownership and are followed by relatively few security analysts, there will normally be less publicly available information concerning these securities compared to what is available for the securities of larger companies. During a period when small-cap stocks fall behind other types of investments — large- and mid-cap U.S. stocks, for instance—the performance of the portion of the Strategies invested in small-cap stocks may lag the performance of these other investments.

## Foreign Investment Risks

### *Foreign Securities Risk*

Investments in non-U.S. securities involve certain risks that may not be present with investments in U.S. securities. For example, investments in non-U.S. securities may be subject to risk of loss due to foreign currency fluctuations or to political or economic instability. There may be less information publicly available about non-U.S. issuers. Non-U.S. issuers may be subject to different accounting, auditing, and financial reporting and investor protection standards. Changes to the financial condition or credit rating of foreign issuers may also adversely affect the value of the securities. Investments in non-U.S. securities may be subject to withholding or other taxes and may be subject to additional trading, settlement, custodial, and operational risks. Because legal systems differ, there is also the possibility that it will be difficult to obtain or enforce legal judgments in certain countries. Investment in foreign securities may involve higher costs than investment in U.S. securities, including higher transaction and custody costs as well as the imposition of additional taxes by foreign governments. Each of these factors can make investments in the Foreign Strategy more volatile and potentially less liquid than other types of investments.

### *Emerging Markets Risk*

Investments in emerging markets are generally subject to greater market volatility, political, social and economic instability, uncertain trading markets and more governmental limitations than investments in more developed markets. Companies in emerging markets may be subject to less stringent regulatory, accounting, auditing, and financial reporting and recordkeeping standards than companies in more developed countries, which could impede FCF's ability to evaluate such companies or impact the Strategy's performance. Securities laws and the enforcement of systems of taxation in many emerging market countries may change quickly and unpredictably, and the ability to bring and enforce actions may be limited or otherwise impaired. In addition, investments in emerging markets may experience lower trading volume, greater price fluctuations, delayed settlement, unexpected market closures and lack of timely information, and may be subject to additional transaction costs.

### *Capital Controls Risk*

Economic conditions, such as volatile currency exchange rates and interest rates, political events and other conditions may, without prior warning, lead to government intervention and the imposition of “capital controls” or expropriation or nationalization of assets. The possible establishment of exchange controls or freezes on the convertibility of currency, or the adoption of other governmental restrictions, might adversely affect an investment in foreign securities. Capital controls include the prohibition of, or restrictions on, the ability to transfer currency, securities or other assets within or out of a jurisdiction. Levies may be placed on profits repatriated by foreign entities. Capital controls may impact the ability to buy, sell or otherwise transfer securities or currency, may adversely affect the trading market and price for investments in an SMA, and may cause the value of such to decline.

### *Currency Exchange Rate Risk*

Currency exchange rates may fluctuate significantly over short periods of time. Currency exchange rates also can be affected unpredictably by intervention; by failure to intervene by U.S. or foreign governments or central banks; or by currency controls or political developments in the U.S. or abroad. Changes in foreign currency exchange rates may affect the NAV and the price of shares. Devaluation of a currency by a country's government or banking authority would have a significant impact on the value of any investments denominated in that currency.

### *Political and Economic Risk*

Clients are subject to foreign political and economic risk not associated with U.S. investments, meaning that political events (civil unrest, national elections, changes in political conditions and foreign relations, imposition of exchange controls and repatriation restrictions), social and economic events (labor strikes, rising inflation) and natural disasters occurring in a foreign country could cause the Client's investments to experience gains or losses. Clients also could be unable to enforce its ownership rights or pursue legal remedies in countries where it invests.

### *Foreign Market and Trading Risk*

The trading markets for many foreign securities are not as active as U.S. markets and may have less governmental regulation and oversight. Foreign markets also may have clearance and settlement procedures that make it difficult to buy and sell securities. The procedures and rules governing foreign transactions and custody (holding of the assets) also may involve delays in payment, delivery or recovery of money or investments. These factors could result in a loss by making it impossible to dispose of an investment or to miss an attractive investment opportunity, or by causing assets to be uninvested for some period of time.

### Other Risks

#### *Derivatives Risk*

A derivative instrument derives its value from an underlying security, currency, commodity, interest rate, index or other asset (collectively, "underlying asset"). A Strategy's investments in derivatives may pose risks in addition to and greater than those associated with investing directly in the underlying assets, including counterparty, leverage and liquidity risks. Derivatives may also be harder to value, less tax efficient and subject to changing government regulation that could impact the Strategy's ability to use certain derivatives or their cost. Derivatives strategies may not always be successful.

- *Futures Contracts Risk.* Exchange-traded futures contracts are a type of derivative, which call for the future delivery of an asset, or cash settlement, at a certain stated price on a specified future date. Futures contracts involve the risk of imperfect correlation between movements in the price of the instruments and the price of the underlying assets. In addition, there is the risk that a Strategy may not be able to enter into a closing transaction because of an illiquid market. Exchanges can limit the number of positions that can be held or controlled by FCF, thus limiting the ability to implement the Strategies. Futures markets are highly volatile, and the use of futures may increase the volatility of the Fund's NAV.

#### *Competition Risk*

There is currently, and will likely be, competition for investment opportunities with other investors having investment objectives and Strategies like those of the SMAs. Performance may be adversely impacted if competition prevents or hinders the Strategies' ability to participate in certain investment opportunities.

### *General Political, Economic, Legal, Tax and other Regulatory Risks*

A Client's investments may be adversely affected by changes in economic conditions or political events, such as a stock market break, acts of terrorism, the outbreak of hostilities involving the United States, the death of a major political figure, a serious pandemic, or a natural disaster, among many others. Other factors, such as changes in federal or state tax laws, federal or state securities laws, bank regulatory policies or accounting standards, may make certain investments less desirable or may make certain Strategies less effective. Similarly, legislative acts, rulemaking, adjudicatory or other activities of governmental or quasi-governmental bodies, agencies and regulatory organizations may make the Strategies less attractive. Laws and regulations, particularly those involving taxation, investment and trade, applicable to investment activities can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of Clients. In particular, in response to significant recent events in international financial markets, governmental intervention and certain regulatory measures have been or may be adopted in certain jurisdictions, including restrictions on short selling of certain securities in certain jurisdictions. The extent to which the underlying causes of these recent events are pervasive throughout global financial markets and have the potential to cause further instability is not yet clear. These recent events, and their underlying causes, are likely to be the catalyst for changes in global financial regulation for some time and may result in losses to Clients.

*The information included in this Item 8 does not include every potential risk associated with our investment Strategies. Investing in securities involves risk of loss, possibly a total loss of invested capital that Clients should be prepared to bear. There is no guarantee that the Firm's investment program, including, without limitation, its investment objectives, or Strategies will be successful. Investment results may vary substantially over time. The Strategies' investments are speculative and involve a high degree of risk. There may be risks which cannot be monitored or controlled, and risks that may be greater than forecasted, especially in unusual market conditions. FCF cannot guarantee that any assumptions relied on herein will be true for all future events or that all assumptions have been considered or stated.*

## **Item 9 - Disciplinary Information**

Form ADV Part 2 requires investment advisers such as FCF to disclose legal or disciplinary events involving the firm or its partners, officers or principals that are material to the evaluation of its advisory business or the integrity of its management. FCF has no information to report that is applicable to this item.

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

FCF is not registered and is not planning to register as a Broker-Dealer or a registered representative of a Broker-Dealer.

Additionally, the Firm is not registered as a futures commission merchant, commodity pool operator, a commodity trading advisor or associated person of the foregoing entities.

FCF is affiliated with FCF Indexes, which creates, sponsors and maintains indices that are based on FCF's proprietary research (the "Affiliated Indices" and, each, an "Affiliated Index"). As of the date of this Brochure, three of the Funds and one Strategy utilize Affiliated Indices. FCF has adopted firewall procedures as part of its Code of Ethics, which are designed to prevent impermissible sharing of non-public index information. In addition, the license to use any Affiliated Index in a particular Fund or Strategy will be provided to a Client at no cost.

FCF does not have any other relationship or arrangement that is material to the Firm's advisory business with any entity and does not recommend other investment advisers or receive compensation from other investment advisers.

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

FCF may engage directly or indirectly in any business or other activities, including exercising investment advisory and management responsibility, and buying, selling, or otherwise dealing with securities for our own accounts or for the accounts of family members. These activities may conflict with our activities on behalf of the Clients.

These other activities may also affect the prices and availability of the securities and other financial instruments in which the Clients invest. Pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended, FCF has adopted a Code of Ethics (the "Code") that establishes various procedures with respect to investment transactions in accounts in which employees of FCF or related persons (such as members of their immediate household) have a beneficial interest or accounts over which an employee has investment discretion.

The foundation of the Code is based on the underlying principles that:

- Employees must at all times place the interests of our Clients first;
- Employees must at all times comply with all applicable federal securities laws; and
- Employees should not take inappropriate advantage of their position at FCF.

The Code requires employees to provide the Chief Compliance Officer ("CCO") with initial and annual holdings reports (excluding accounts holding certain securities or discretionary accounts) and quarterly transaction reports. Employees must obtain prior approval before investing in limited offering or private placements. The CCO reviews violations of the Code to determine appropriate remedial action, including,

but not limited to, financial penalties, suspension or termination of employment, and reporting to appropriate regulatory authorities.

These records are used to monitor compliance with the foregoing policies. These policies apply to any personal transactions involving equity, debt, options, or futures. They do not apply to transactions involving government securities, open-end mutual funds, money market funds, or other instruments which afford an investor no discretion over individual securities.

As part of the Code, FCF maintains insider trading policies and procedures that are designed to prevent the misuse of material, non-public information. The insider trading policies prohibit FCF and its personnel from trading for themselves or Clients, or recommend trading, in securities of any company while in possession of material, non-public information about the company, and from disclosing such information to any person not entitled to receive it.

The Code is available to Clients and prospective clients upon request.

## **Item 12 - Brokerage Practices**

### Selection of Brokers

In seeking best execution, the Firm takes into consideration the broker dealer's full range and quality of services including, among other things, its facilities, reliability and financial responsibility, execution capability, responsiveness to us. FCF's officers review, approve and monitor the custodians, executing broker-dealers and counterparties used by FCF. Executing broker-dealers and counterparties are chosen from those that have been reviewed and approved. No discretion is given to any broker dealer used for any trade execution and such executions are typically made on a volume weighted average price (VWAP) basis. FCF does not aggregate orders. Commissions and fees are paid per share in the U.S. and per basis point internationally.

### Soft Dollars

FCF has not entered into any soft dollar arrangements.

## **Item 13 - Review of Accounts**

The Firm reviews on a daily basis all Client accounts' transactions, positions and cash balances. The review is conducted by FCF's CCO. Clients receive written reports regarding their accounts monthly, unless opted for quarterly, from the Custodian.

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

FCF does not receive any economic benefits from non-Clients for providing investment advice or other advisory services to Clients.

FCF, out of its own resources, may provide compensation to financial intermediaries. Such compensation is sometimes referred to as "revenue sharing." Compensation received by a financial intermediary from FCF may include payments for shareholder servicing, marketing and/or training expenses incurred by the financial intermediary, including expenses incurred by the financial intermediary in educating its salespersons with respect to investments in the SMAs and/or Funds. For example, compensation may be paid to make the SMAs and/or Funds available to sales representatives and/or customers of a supermarket platform or a similar program, such as a model portfolio, or for services provided in connection with such platforms and programs. Such compensation may also include payments for access to a financial

intermediary's sales force or management, as well as access to conferences or other educational seminars held by a financial intermediary or its affiliates relating directly or indirectly to the SMAs or Funds. It may also cover costs incurred by financial intermediaries in connection with their efforts to solicit investments in the SMAs or Funds, including costs incurred in compensating registered sales representatives and preparing, printing and distributing sales literature.

The amount of compensation paid to different financial intermediaries may vary. The compensation paid to a financial intermediary may be based on a variety of factors, including average net assets attributable to the financial intermediary, which may be based on assets under management or other similar metrics, gross sales by the financial intermediary and/or the number of accounts serviced by the financial intermediary that invest in the SMAs or Funds.

As of the date of this Brochure, the only financial intermediaries receiving revenue sharing payments are, with respect to certain of the Funds only, Donoghue Forlines LLC. These payments are made out of FCF's own resources. Any compensation received by a financial intermediary, and the prospect of receiving such compensation, may provide the financial intermediary with an incentive to recommend the SMAs and/or Funds over other potential investments. Similarly, the compensation may cause financial intermediaries to elevate the prominence of the SMAs and/or Funds within its organization by, for example, placing it on a list of preferred products. Please contact your salesperson, adviser, broker or other investment professional for more information regarding any such payments or incentives that his or her intermediary firm may receive.

#### **Item 15 - Custody**

FCF does not have custody of any Client funds or securities. All Client assets are held at the Custodian. The Custodian sends statements directly to the Client. Clients should carefully review these statements and should compare these statements to any account information provided by FCF.

#### **Item 16 - Investment Discretion**

When Clients choose FCF as their investment manager, they will sign the applicable documentation that will provide the Firm with the authorization to make trades in their account. FCF's investment management discretion is limited to the purchase and sale of securities and investment of cash. Investments will not exceed the Client's funds in the account and a margin balance will not be maintained, unless approved by FCF.

SMA Clients may impose reasonable restrictions on the management of their account and may elect to custody their accounts at any custodian of their choosing. However, the selection of the Custodian may or may not put a Client at a disadvantage for getting best execution for their trades.

#### **Item 17 - Voting Client Securities**

FCF has adopted a proxy voting policy and has retained a third-party vendor to administer the proxy voting process. FCF reviews the third-party vendor's voting guidelines no less than annually to determine consistency with FCF's fiduciary duty to Clients.

As needed, FCF will work with its third-party vendor to provide the input needed to address certain proxy voting issues. The use of a third-party vendor, which is unaffiliated with FCF, is intended to alleviate any conflicts of interest between FCF and its Clients. To the extent that FCF has discretion to vote the proxies of Clients, such proxies shall be voted in accordance with FCF's proxy voting policy. If a material conflict

exists with respect to FCF's discretion to vote a proxy for a Client, the CCO will determine whether additional disclosure is required to the affected Client or whether the Client should be given the opportunity to vote the proxy itself. The CCO may also consider other ways to address any such conflicts and will document how the conflict was addressed.

FCF Clients can obtain a copy of the proxy voting policy and information about how FCF has voted their securities in a particular proxy vote by calling FCF at (212) 217-2597. The information will be provided at no charge.

Clients may not direct voting in a particular solicitation. Clients wishing to retain the ability to vote proxies must submit a separate form to the Custodian.

### **Item 18 - Financial Information**

The Firm does not have any financial impairment that will preclude the Firm from meeting contractual commitments to Clients and has not been the subject of a bankruptcy proceeding.