Compliance Manual: Summary of Changes

August 2023

REDHAWK WEALTH ADVISORS, INC.

The following changes occurred from the 2021 to 2023 version of the Redhawk Compliance Manual. The pages below correspond to the full Compliance Manual.

Section 3: Registration and Licensing page 20

- Added Conducting Business in Foreign Countries section.

Section 4: Regulation Best Interest ("Reg BI") pages 22-23

- Updated Training section. Added Compliance Oversight and Dual Registrants sections.

Section 5: Conflicts of Interest pages 24-26

- Added entire new section.

Section 13: Marketing & Advertising pages 41-62

- Updated with new marketing and advertising policies and procedures.

Section 14: Electronic Communications page 66

- Updated Text Messaging Policy with new policies and procedures that allow texting.

Section 15: Code of Ethics pages 71-74, 83-84

- Updated Personal Securities Transactions section. Added Prohibited Activities section which includes policies and procedures for Borrowing from and Lending to Clients; Client Signatures, including forgery and use of signatures stamps; Correspondence and Marketing in a Non-English Language; and Impersonating a Client.

Section 16: Portfolio Management page 88-91

- Updated Crypto-Asset Policy to include permission for supervised persons to purchase cryptocurrencies in their own personal accounts with prior approval from Compliance. Added Source of Funds and Prohibited Activities Policy sections.

Section 19: Trade Error Procedures page 101

- Updated Trade Error Notification Procedures to include if trader has three trade errors in twelve-month period, trader must obtain prior authorization from Compliance for any future trades for a period of three months.

Section 21: ERISA Plans pages 105-115

- Updated with DOL's PTE 2020-02 regulation policies and procedures.

Section 22: Opening Accounts for Senior Investors pages 117-119

- Updated with added details on diminished mental capacity and procedures for escalating issues involving senior clients.

Section 26: Written Information Security Policy ("WISP") pages 136-137, 140-142

- Updated with policies on vulnerability scans, patch management, access controls, multi-factor authentication, and virtual client meetings.

Appendix A - Definitions page 160

- Updated with definition of a qualified client or qualified purchaser.

3. REGISTRATION AND LICENSING

Conducting Business in Foreign Countries

The Firm is not registered as an RIA in any foreign country. Conducting securities and/or advisory business abroad with citizens of that foreign country is generally prohibited. Supervised Persons traveling abroad who wish to continue conducting securities and/or advisory business with US-based clients should contact Compliance for further guidance. Because foreign securities laws vary and are often complex, limitations must be placed on activities while a Supervised Person is traveling and/or staying abroad, to avoid triggering a registration and licensing requirement in a foreign country.

4. REGULATION BEST INTEREST ("REG BI")

Compliance Oversight

The CCO oversees the Firm's filing of Part 3 of Form ADV.

The CCO or designee oversees the distribution of Part 3 to all clients that meet the definition of "retail investor". The CCO or designee use a spreadsheet to track the distribution of Part 2 and Part 3.

Training

Supervised Persons will receive training on "best interest" requirements initially and annually specifically communicating Firm culture, specific requirements of the Firm's code of conduct and its conflicts management as highlighted on Form CRS. Additionally, the Firm's Rollover Recommendation Guide is available to all Supervised Persons with policies, procedures, and frequently asked questions, along with the RolloverAnalyzer tool to disclose all required rollovers.

Dual Registrants

Dual registrants and affiliates are required to provide a Form CRS for both the broker-dealer and advisory relationships. The forms may be combined. Broker-dealers have an obligation to file Form CRS with FINRA's CRD and advisors are required to file with IARD. If two separate relationship summaries are provided, reference and facilitating access to the other is required with equal prominence and at the same time, without regard to whether the retail investor qualifies for those retail services or accounts.

5. CONFLICTS OF INTEREST

Background

Conflicts of interest may exist between various individuals and entities, including the Firm, Supervised Persons, and current or prospective clients. Any failure to identify or properly address a conflict can have severe negative repercussions for the Firm, Supervised Persons, and/or clients. In some cases, the improper handling of a conflict could result in litigation and/or disciplinary action.

Section 206(2) of the Advisers Act prohibits investment advisors from engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client whereas Section 206(4) of the Advisers Act prohibits investment advisors from engaging in any act, practice, or course of business which is fraudulent, deceptive, or manipulative. Rule 206(4)-8(a) under the Advisers Act effectively extends this prohibition to apply to pooled investment vehicle investors or prospective investors. A failure to identify, disclose and/or manage a conflict of interest could constitute a violation of any of these provisions.

Risks

In developing these policies and procedures, the Firm considered the material risks associated with conflicts of interest. This analysis includes risks such as:

- Supervised Persons do not understand what could constitute an actual or apparent conflict of interest.
- Supervised Persons engage in conduct that could entail an actual or apparent conflict of interest without giving the Firm the opportunity to prevent such activity or take sufficient steps to manage and/or disclose the actual or apparent conflict of interest.
- The Firm engages in conduct that could entail an actual or apparent conflict of interest without taking sufficient steps to manage and/or disclose the actual or apparent conflict of interest.
- The interests of more than one client conflict with each other, and the Firm does not resolve this conflict or resolves it in a way that is not fair and reasonable to all affected parties, or that disproportionately disadvantages one or more parties.

Policies and Procedures

The Firm's policy is to disclose, mitigate, and/or eliminate all identified conflicts of interest in the best interests of its clients. If a conflict of interest arises between clients, the Firm's policy is to seek to resolve such conflict as fairly as possible in relation to all parties.

Understanding and Identifying Conflicts of Interest

The Firm's policies and procedures have been designed to identify and properly disclose, mitigate, and/or eliminate applicable conflicts of interest. Supervised

Persons should refer to applicable sections of this Manual when conducting the activities addressed therein. To the extent such activities entail an actual, potential, or apparent conflict of interest, the relevant Manual section will typically provide guidance or instructions as to how to proceed. If a Supervised Person has any questions about the contents of this Manual or any individual section thereof, they should contact the CCO to discuss further.

The Firm requires Supervised Persons to complete a *Compliance Questionnaire* upon joining the Company and at least annually thereafter (using the Firm's electronic system OR by submitting the completed questionnaire to the CCO or a designee). Many of these questions are intended to identify actual or potential conduct that could constitute an actual, potential, or apparent conflict of interest. If a Supervised Person has any questions about the questions included in the *Compliance Questionnaire*, they should contact the CCO to discuss further.

However, written policies and procedures cannot address, and a compliance questionnaire cannot anticipate every potential conflict. Because of this, Supervised Persons should be cognizant of all potential conflicts of interest regardless of whether the Firm has contemplated them or not in its existing policies and procedures and/or the *Compliance Questionnaire.* Upon identifying such a potential conflict of interest, Supervised Persons should bring it to the attention of the CCO as soon as possible so that the Firm can assess the potential conflict and take the necessary steps to properly address it.

While it is not possible to provide a precise or comprehensive definition of a conflict of interest, the Firm is providing the following guidance to help Supervised Persons recognize potential conflicts of interest:

One factor that is common to many conflicts of interest situations is the possibility that the Firm's or Supervised Person's actions or decisions will be affected because of actual or potential differences between or among the interests of the Firm, clients, or Supervised Person's own personal interests. If a Supervised Person suspect that any of these parties' interests may not be aligned and that this could affect the Supervised Person's decisions or actions, a potential conflict of interest may exist.

A situation may be found to involve a conflict of interest even if it does not result in any financial loss to the Firm, its clients or any gain to the Firm, certain clients, or Supervised Person, and irrespective of the motivations of the Firm or Supervised Persons involved. Such factors should not prevent a Supervised Person from notifying the CCO of a potential conflict of interests.

Addressing Conflicts of Interest

As stated above, the Firm's policies and procedures have been designed to identify and properly disclose, mitigate, and/or eliminate applicable conflicts of interest. The

following procedures apply to potential conflicts of interest that may not currently be anticipated by such existing policies and procedures.

The CCO is responsible for determining how to address a newly identified potential conflict of interest. Supervised Persons should not seek to address a potential conflict of interest without the CCO's involvement unless it is not possible to contact the CCO on a timely basis. In such situations, Supervised Persons should use good judgment in identifying and responding appropriately to actual or apparent conflicts and notify the CCO of the potential conflict and their conduct in response as soon as possible thereafter.

The following principles govern the Firm's approach to addressing conflicts of interest.

- To the extent possible, potential conflicts of interest should be resolved in such a way to prevent the potential conflict of interest from becoming an actual or apparent conflict of interest.
- To the extent possible, conflicts of interest that involve the Firm Supervised Persons on one hand, and clients on the other hand, will generally be disclosed and resolved in a way that favors the interests of Clients over the interests of the Firm or Supervised Persons.
- In some instances, conflicts of interest may arise between clients. The Firm will seek to resolve these conflicts in a way that is as fair and reasonable for all affected parties, even if the ultimate resolution could nevertheless disadvantage or appear to disadvantage one or more of the parties to some extent. If possible, the Firm will seek to obtain informed consent to its proposed resolution from the affected parties or their representatives. In all cases, the Firm will disclose both the conflict and its ultimate resolution to (at least) the affected parties.

It may sometimes be beneficial for the Firm to be able to demonstrate that it carefully considered conflicts of interest. The CCO will use the Risk Matrix and Annual Review to document the Firm's assessment of, and response to, such conflicts.

Sales Contests and Sales Quotas

The Firm prohibits sales contests, sales quotas, bonuses, and non-cash compensation that are based on the sales of specific securities or specific types of securities within a limited period of time.

13. MARKETING & ADVERTISING

Background

Rule 206(4)-1 under the Advisers Act prohibits certain types of advertisements, including any advertisement that contains any untrue statement of material fact, or that is otherwise false or misleading. Additionally, the Advisers Act's broad anti-fraud provisions apply to all written correspondence; even items that are excluded from the definition of an advertisement must not contain any false or misleading statements. Effective May 5th, 2021, the Securities and Exchange Commission implemented reforms under the Investment Advisers Act to modernize rules that govern investment advisor advertisements and payments to solicitors. The amendments create a single rule that replaces the current advertising and cash solicitation rules.

As with all advertisements as defined below must be submitted to Compliance for review and approval prior to use.

Definition of Advertising

The definition of an advertisement includes two prongs:

First Prong: *Any direct or indirect communication* a Supervised Person makes to more than one person, or to one or more persons if the communication includes hypothetical performance, that offers the Supervised Person 's investment advisory services with regard to securities to prospective clients or investors in a private fund advised by the Supervised Person or offers new investment advisory services with regard to securities to current clients or investors in a private fund advised by the IAR, but does not include:

- extemporaneous, live, oral communications;
- information contained in a statutory or regulatory notice, filing, or other required communication, provided that such information is reasonably designed to satisfy the requirements of such notice, filing, or other required communication; or
- a communication that includes hypothetical performance that is provided:
    - in response to an unsolicited request for such information from a prospective or current client or investor in a private fund advised by the IAR; or
    - to a prospective or current investor in a private fund advised by the IAR in a one-on-one communication; and

Second Prong: *Any endorsement or testimonial for which an IAR provides compensation, directly or indirectly*, but does not include any information contained in a statutory or regulatory notice, filing, or other required communication, provided that such information is reasonably designed to satisfy the requirements of such notice, filing, or other required communication.

A "testimonial" is defined in new Rule 206(4)-1(e)(17) as a statement by a current client about the client or investor's experience with the Supervised Person. This term also includes a statement that solicits a current or prospective client or investor for or refers a current or prospective client or investor to, the Supervised Person or a private fund it advises.

An "endorsement" is similar, but it is made by a person other than a current client or investor, and may include a general approval, support or recommendation of the Supervised Person.

General Prohibitions

Rule 206(4)-1(a) subjects all Supervised Persons advertisements to certain general prohibitions. These include bans on:

- making an untrue statement of a material fact, or omitting a material fact necessary to make the statement made, in light of the circumstances under which it was made, not misleading;
- making a material statement of fact that the Supervised Person does not have a reasonable basis for believing it will be able to substantiate upon demand by the Commission;
- including information that would reasonably be likely to cause an untrue or misleading implication or inference to be drawn concerning a material fact relating to the Supervised Person;
- discussing any potential benefits without providing fair and balanced treatment of any associated material risks or limitations;
- referencing specific investment advice provided by the Supervised Person that is not presented in a fair and balanced manner;
- including or excluding performance results, or presenting performance time periods, in a manner that is not fair and balanced; and
- including information that is otherwise materially misleading.

One-On-One Communications

One-on-one communications to clients or prospective clients are generally not considered advertisements under the Marketing Rule. Such communications are nonetheless subject to the general anti-fraud provisions of the Advisers Act, including that they are accurate and not misleading. Additionally, one-on-one communications that include hypothetical performance are considered advertisements subject to the requirements of the Marketing Rule, unless they fall within the exceptions summarized above.

Materials delivered in a series of individual communications are not considered one-on-one communications under the Marketing Rule. For example, a standardized tear sheet or pitchbook is considered an advertisement even if it is delivered to

prospective clients in individual meetings or by individual emails. Similarly, if customized materials include duplicate inserts, those duplicated materials will be considered advertisements subject to the requirements of the Marketing Rule.

Indirect Communications Offering Advisory Services

In some cases, a communication made by a third party may be considered an *advertisement* by a Supervised Person if the communication is deemed an indirect communication by the Supervised Person under Rule 206(4)-1(e)(1)(i). For example, statements offering advisory services provided by a Supervised Person for dissemination by an intermediary are indirect communications by the Supervised Person that fall within the definition of *advertisement.* Whether or not a communication is made by the Supervised Person depends on the facts and circumstances. Generally, if the IAR participated in the creation of the statement, or otherwise authorized its dissemination, it will be considered an *advertisement.* Additionally, if a Supervised Person explicitly or implicitly endorses or shares third-party content, such content will be considered a communication by the Supervised Person. On the other hand, if a third party independently makes a communication or changes the content of a communication without the IAR's consent, that would not be an indirect communication by the IAR.

Advertisement Procedures

The Firm has adopted the following procedures to adhere to Rule 206(4)-1:

- All marketing material must comply with the seven general prohibitions of Rule 206(4)-1 listed above. Note: these are principles-based and intentionally broad.
- Prior to use of any marketing materials, the CCO and/or designee will review and approve all advertisements and promotional materials used by the Firm.
- The CCO and/or designee will document the review and approval of all such communications together with any comments or amendments to any such communication because of such review.
- Alternatively, e-mails documenting the substance of such reviews may also be maintained.
- Only Approved marketing materials are used with clients and/or prospects.
- Modifications to any approved marketing materials must be approved by CCO prior to use. Written approval and review are required by the CCO.
- The CCO is responsible for conducting periodic reviews to ensure that only approved materials are distributed to clients and/or prospects.
- The CCO will be responsible for periodic testing designed to ensure that the Firm make and keep records of the following:
    - Advertisements used with current clients and/or prospects (includes recordings or copies of any written or recorded materials used in connection with an oral advertisement)

    - Required disclosures delivered to investors (applicable to testimonials, endorsements, and third-party ratings)

- Form ADV Item 5.L. is reviewed and updated at least annually to ensure responses are current and accurate regarding the Firm's use in advertisements of performance results, hypothetical performance, references to specific investment advice, testimonials, endorsements, or third-party ratings.
- At a minimum each marketing piece must disclose, "Investment advisory services offered through Redhawk Wealth Advisors, Inc., a U.S. Securities & Exchange Commission registered investment advisor." Additional disclosure may be required depending on facts and circumstances. Note: Rule 206(4)-explicitly requires clear and prominent disclosure for testimonials, endorsements, third-party ratings and predecessor performance.

Books and Records

The Firm must make and keep records of all "advertisements" they disseminate, subject to alternative methods of compliance for oral advertisements, including oral testimonials and oral endorsements. The Firm must retain advertisements sent to one or more persons. Records may be stored using email archives (including in cloud storage or with a third-party vendor), provided that the Firm can promptly produce records in accordance with the recordkeeping rule and SEC guidance. Copies of reviewed documents will be maintained for five years following their last use, the first two in an easily accessible place. We shall maintain all advertisements that we directly or indirectly disseminate.

Testimonials and Endorsements

Policy

The Firm does allow for use of testimonials and endorsements in marketing and advertising when the following disclosure and Rule conditions are followed as discussed below. All testimonials used in advertising must be received in writing and maintained in a Testimonial file (can be physical or electronic), and they must be approved by Compliance prior to use (as with any marketing material).

"Advertisement" includes any endorsement or testimonial for which a Supervised Person provides compensation, directly or indirectly. A testimonial includes any statement, written or oral, by a current client about the client's experience with the Firm or its Supervised Persons.

Testimonial - any statement by a current client advised by the Supervised Person:

- About the client or investor's experience with the Supervised Person.
- That directly or indirectly solicits any current or prospective client to be a client of the Supervised Person; or

- That refers any current or prospective client or investor to be a client of the Supervised Person.

Endorsement includes any statement, written or oral, by a person other than a current client that:

- Indicates approval, support, or recommendation of the Supervised Person or describes that person's experience with the Supervised Person.
- Directly or indirectly solicits any current or prospective client or investor to be a client of, or an investor in a private fund advised by, the Supervised Person; or
- Refers any current or prospective client or investor to be a client of, or an investor in a private fund advised by, the Supervised Person.
- *Note: the SEC has merged SEC Rule 206(4)-3, the solicitor's rule, into 206(4)-1, the advertising rule. They have also dropped the use of the term "solicitor" and incorporate the acts as providing an "endorsement."*

Testimonials and endorsements also include solicitation and referral activities, including statements that directly or indirectly solicit any investor to be the Firm's client. This also includes referrals of any investor to be the Firm's client from lead-generation Firms and advisor referral networks. Lists of clients or investors may be presented if the basis for inclusion and exclusion is independent of performance and is fully disclosed in the advertisement, which also presents a warning to the effect that inclusion of the list does not necessarily mean that the listed clients are satisfied with the Supervised Person's services. ***Merely permitting the use of the "like", "share", or "endorse" feature on a third-party website or social media platform is not considered a testimonial or endorsement.***

Examples of activities likely to be deemed an endorsement or testimonial include the following:

- Websites of lead-generating firms or advisor referral networks (endorsement);
- A blogger's website review of a Supervised Person's services (endorsement or testimonial);
- A lawyer or other service provider that refers an investor to a Supervised Person, even infrequently (endorsement or testimonial); and,
- Solicitor arrangements previously made under Advisers Act Rule 206(4)-3, the "Cash Payments for Client Solicitations Rule").
- Examples of activities that are likely **NOT** deemed to be an endorsement or testimonial include the following:

- A third-party marketing service or news publication that prepares content for the Supervised Person or disseminates content (such as a Supervised Person newsletter); or,
- A company that provides a list containing the names and contact information of prospective investors.

Lead Generation Firms

Lead generation firms are operated by 'non-investors' where a Supervised Person compensates an operator to solicit investors for, or refer investors to, the Supervised Person. These types of 'operators' make third-party advisory services (such as model portfolio providers) accessible to investors and stated that the operators do not promote or recommend services or products accessible on the platform. In both examples, the operator's website likely meets the final marketing rule's definition of endorsement. An operator may tout the Supervised Person included in its network, and/or guarantee that the Supervised Person meet the network's eligibility criteria. In addition, because operators typically offer to "match" an investor with one or more advisors compensating it to participate in the service, operators typically engage in solicitation or referral activities. If a Supervised Person has engaged a Lead Generation Firm, the Firm must provide the client disclosure of this relationship through either the ADV, Agreement or separate acknowledgment form.

Disclosures

To utilize testimonials or endorsements in advertising, the Supervised Person must at the time the testimonial or endorsement is disseminated, provide clear and prominent disclosure that:

- Indicates the testimonial was given by a current client or the endorsement was given by someone other than a current client;
- Indicates that compensation was provided for the testimonial or endorsement, this includes cash or non-cash compensation, if applicable; and
- Includes a brief statement regarding any conflicts of interest on the part of the person giving the testimonial or endorsement resulting from that person's relationship with the Supervised Person.

A person receiving cash or non-cash compensation for providing a testimonial or endorsement is called a "Promoter". The disclosure should state that the Promoter, due to the compensation received, has an incentive to recommend the Supervised Person, resulting in a material conflict of interest, and any other material conflicts of interest arising from the Promoter's relationship with the Supervised Person. These disclosures must be provided at the time the testimonial or endorsement is disseminated.

Material terms include:

- Whether the Supervised Person will be paid a specific cash amount or a percentage of total advisory fees over a period of time, the value of any non-cash compensation if that value is readily ascertainable.
- Any condition to the payment, i.e., a requirement that the client continue or renew the advisory relationship, and
- Whether compensation is payable upon dissemination, deferred, contingent, or trailing.

Clear and prominent means that the above disclosure must be included within the body of the material for written communications and may be presented in written format or orally in connection with an oral testimonial or endorsement. The disclosure language is required to be shown in the same font size (no less than 8 font) as the rest of the draft. Hyperlinked disclosure will not suffice.

Compensated Testimonials and Endorsements

A Supervised Person may provide cash or non-cash compensation to a person providing a testimonial or endorsement (a "**Promoter**"), provided the following conditions are met:

1. **Reasonable Basis**. The Supervised Person must have a reasonable basis for believing that the testimonial or endorsement complies with the requirements of the SEC's Marketing Rule.
2. **Written Agreement.** The Supervised Person must maintain a written agreement with any person giving a testimonial or endorsement for compensation. The written agreement must describe the scope of the agreed-upon activities and the terms of compensation for those activities.
3. **Disqualification.** The Supervised Person may not compensate an individual who would otherwise be deemed an ineligible person with a disqualifying action or event under federal securities laws. Disqualifying actions and events include but are not limited to an SEC opinion or order barring, suspending, or prohibiting the person from acting in any capacity under the federal securities laws and certain convictions, orders, and legal proceedings described in Section 203(e) of the Advisers Act.

If the person providing the testimonial or endorsement is being compensated (whether cash or non-cash) at a value of more than $1,000 within a 12-month period, this is subject to additional requirements and disclosures. Any Promoters being compensated at a value of more than $1,000 per year require Compliance Department review and approval prior to being used.

Other Exemptions

If a testimonial or endorsement is furnished by an officer, director, partner, or employee of the Supervised Person; a person who controls, is controlled by or is

under common control with the Supervised Person; or an officer, director, partner, or employee of such a control affiliate, the Supervised Person does not have to comply with the disclosure requirements of Rule 206(4)-1(b)(1) so long as two conditions are satisfied.

First, the affiliation between the Supervised Person and the Promoter must be disclosed or readily apparent to the client or investor at the time the testimonial or endorsement is disseminated.

Second, the Supervised Person must document the Promoter's status at the time the testimonial or endorsement is disseminated.

Furthermore, subject to the same two conditions, the Supervised Person need not have a written agreement with an affiliated Promoter. Notwithstanding these exemptions, the Supervised Person oversight and disqualification provisions continue to apply to compensated promotional activities by affiliated personnel.

Registration Requirements

Notwithstanding the above, some state rules and regulations require persons receiving compensation for client referrals to be an RIA or IAR. The Firm will ensure that any person (individual or entity) acting as a solicitor is properly registered, if applicable by State statues prior to receiving compensation for client referrals, if required.

Third-Party Attribution

In addition to "advertisements" directed by the Firm, the Firm shall also be responsible for "advertisements" directed by a third-party if the Firm (or a related person) participates in the communication. Whether information posted or published by third parties is attributable to a Supervised Person requires an analysis of the **facts and circumstances** to determine (i) whether the Supervised Person has explicitly or implicitly endorsed or approved the information after its publication (adoption) or (ii) the extent to which the Supervised Person has involved itself in the preparation of the information (entanglement).

At a minimum, the following facts and circumstances should be considered by the Firm when assessing whether it has participated in a third-party "advertisement":

- Was the Firm involved in creating or disseminating the advertisement (entanglement)?
- Did the Firm authorize the communication?
- Did the Firm provide the material to third-party for dissemination?
- Did the Firm endorse the material after publication (adoption)?
- Are the materials collaborative (ex. fund of funds, 3rd party models)?
- Did the Firm selectively delete, alter, or endorse comments on a third parties' content on the Firm's social media platform(s)?

Endorsements (Previously Referred to as Solicitors)

An "endorsement" is like a testimonial, but it is made by a person other than a current client or investor, and may include a general approval, support or recommendation of the Supervised Person.

Disclosures

Like testimonials addressed above, endorsements must satisfy the following conditions:

Prominent Disclosures. The Supervised Person must disclose, or reasonably believe that the person giving the endorsement discloses, *clearly and prominently*, the following at the time the endorsement is disseminated:

- The endorsement was given by a person other than a current client or private fund investor, as applicable;
- That cash or non-cash compensation was provided for endorsement, if applicable; and
- A brief statement of any material conflicts of interest on the part of the person giving the endorsement resulting from the Supervised Person's relationship with such person.

Oversight and Compliance. All endorsements are subject to an oversight and compliance provision under the Marketing Rule. Specifically, the Marketing Rule requires the Supervised Person to have:

- A *reasonable basis* for believing that any endorsement complies with the requirements of the rule, and
- A *written agreement* with any person giving a compensated endorsement that describes the scope of the agreed-upon activities and the terms of the compensation for those activities when the Supervised Person is providing compensation for testimonials and endorsements that exceeds $1,000 over a 12-month period (written agreement requirement).

Disqualification for Persons Who Have Engaged in Misconduct

The Firm is prohibited from compensating a person, directly or indirectly, for an endorsement if the Firm knows, or in the exercise of reasonable care should know, that the person giving the endorsement is an ineligible person at the time the endorsement is disseminated (disqualification provision). The disqualification provision does not apply to uncompensated testimonials or endorsements.

An "ineligible person" is a person who is subject to an SEC opinion or order barring, suspending, or prohibiting the person from acting in any capacity under the federal securities laws or to any one of many enumerated "disqualifying events." The definition extends to employees, officers, directors, general partners, and elected managers of an ineligible person. The Marketing Rule includes a ten-year lookback

period across all "disqualifying events," which aligns with disciplinary disclosure reporting on Form ADV, Part 1.

Exemptions

The Marketing Rule provides the following exemptions from certain requirements otherwise applicable to endorsements:

De Minimis Compensation. An endorsement disseminated for no compensation or *de minimis* compensation (US$1,000 or less during the preceding 12 months) is not subject to the disqualification provision for ineligible persons or the written agreement requirement. However, these communications remain subject to the rule's disclosure and general Supervised Person oversight requirements.

Affiliated Personnel. An endorsement by an employee or other affiliate of a Supervised Person is not subject to the disclosure requirements, or written agreement requirement, but remains subject to the disqualification and general Supervised Personal oversight requirements. The affiliation between the Supervised Person and such person must be *readily apparent* to or disclosed to the client or investor at the time the endorsement is disseminated, and the Supervised Person must document such person's status.

Testimonials and Endorsements Advertising Procedures

Prior to discussions with a potential Promoter, the CCO will be responsible for exercising reasonable care and conduct reasonable due diligence to confirm that the engaged Promoter is not subject to any applicable disqualification events.

- Promoters must be pre-approved by CCO prior to engaging in a Promoter Agreement with the Firm.
- The CCO is responsible for the review of all Agreements with Promoters including terms of what compensation arrangements are finalized.
- CCO will approve all compensation arrangements to ensure they are in line with policies at the Firm.
- The CCO will be responsible for preparing the disclosure statement specific to each Promoter Agreement and train Promotors to deliver this statement during engagement of the client.
- The CCO will review and approve of use of all testimonials and endorsements included in its advertising materials prior to use with clients. Proper Disclosures per the policy above are required prior to use.
- The CCO or designee will review at least on an annual basis all Promotor agreements for compensation to determine if the de minimis amount of Promoters providing testimonials, endorsements and/or referrals needs to be reviewed and revised.
- The CCO will provide testing designed to ensure that the Firm creates and keep records relating to its determination that the Firm has a reasonable basis for believing that a testimonial or endorsement complies with Rule 206(4)-1.

- To meet the *clear and prominent disclosure* requirement, any person giving an oral testimonial/endorsement that is COMPENSATED should read the following scripted disclosure prior to speaking with or about the Firm. "Before we begin, I must disclose that I am (not) a client of XYZ. I am being compensated by XYZ which represents a conflict of interest."

Books and Records

Below is a sample of the books and records to be maintained:

1. Oral advertisements such as radio show recordings and podcasts.
2. Any communication or document related to the Firm's determination that it has a reasonable basis for believing that a testimonial or endorsement complies with the Marketing Rule due diligence requirement.
3. Any agreement with the Promotor that is paid for the endorsement or testimonial.

Third Party Ranking or Awards

A "third-party rating" is defined in the Marketing Rule to mean a rating or ranking of a Supervised Person provided by a person who is not a related person (as defined in the Form ADV Glossary of Terms), and such person provides such ratings or rankings in the ordinary course of its business. Paragraph (c) of the Marketing Rule subjects advertisements that include third-party ratings to certain conditions and disclosure requirements.

Policy

The Firm does allow for use of third-party ratings in an advertisement if the following conditions are met:

- Any questionnaire or survey used in the preparation of the third-party rating is structured to make it equally easy for a participant to provide favorable and unfavorable responses and is not designed or prepared to produce any predetermined result.
- Advertisements containing third-party rating clearly and prominently disclose the following:
    - Date on which the rating was given and the period of time upon which the rating was based;
    - Identity of the third party that created and tabulated the rating;
    - Criteria for the receipt of such accolade; and
    - If applicable, that compensation has been provided directly or indirectly by the Supervised Person in connection with obtaining or using the third-party rating.

Including these disclosures in an advertisement that contains third-party ratings would not contain a rating that could otherwise be false or misleading under the

Marketing Rule's general prohibitions, or under the general anti-fraud provisions of the federal securities laws.

Additionally, the Firm and Supervised Person must consider the following factors when determining whether any advertisement containing a third-party ranking is false or misleading, and thus, prohibited:

- Whether the advertisement discloses the criteria on which the rating was based;
- Whether the Supervised Person advertises any favorable rating without disclosing any facts that would call into question the validity of the rating or the appropriateness of advertising the rating (e.g., the Supervised Person knows that it has been the subject of numerous client complaints relating to the rating category or in areas not included in the survey);
- Whether the Supervised Person advertises any favorable rating without also disclosing any unfavorable rating ;
- Whether the advertisement states or implies that the Supervised Person was the top-rated advisor in a category when it was not rated first in that category;
- Whether, in disclosing a Supervised Person's rating or designation, the advertisement clearly and prominently discloses the category for which the rating was calculated, or designation determined, the number of advisors surveyed in that category, and the percentage of advisors that received that rating or designation;
- Whether the advertisement discloses that the rating may not be representative of any one client's experience because the rating reflects as average of all, or a sample of all, of the experiences of the Supervised Person's clients;
- Whether the advertisement discloses that the rating is not indicative of the Supervised Person's future performance; and
- Whether the advertisement discloses prominently who created and conducted the survey and that the Supervised Person paid a fee to participate in the survey.

Third-party ranking and/or awards need CCO approval prior to their use in any materials used by the Firm. The CCO will ensure proper disclosure is used along with the third-party ranking and/or award. Non-descriptive awards may not be used.

Third Party Ranking Procedures

- The CCO will review all proposed use of publication of any third-party ratings or survey results and conduct reasonable due inquiry regarding the methodology used by the third-party to determine such rating. A copy of any questionnaire or survey used in the preparation of a third-party rating included or appearing in any advertisement will be maintained for books and records.

- The CCO will review all use of advertisements referencing third party rankings prior to use with prospects/clients.
- The CCO will provide testing to ensure that the Firm creates and keep records communications relating to its determination that the Firm has a reasonable basis for believing that a testimonial or endorsement complies with Rule 206(4)-1.

Books and Records

Below is a sample of the books and records to be maintained:

- Any communication or document that the rating complies with the Marketing Rule's due diligence requirement; and
- Copies of any questionnaire or survey used for determining a third-party rating used in Marketing.

Performance Advertising Policy

Policy

The Marketing Rule sets specific conditions on the presentation of performance but does not set forth separate requirements for performance advertising in materials intended for retail persons and nonretail persons, with the consequence that certain performance-related requirements primarily intended to protect unsophisticated retail investors must be included in performance advertisements directed to sophisticated institutions.

Performance Prohibitions

The Marketing Rule prohibits certain practices with respect to the presentation of performance returns in *advertisements* unless the *advertisement* complies with the specific requirements set out in the rule. Specifically, the Marketing Rule includes the following prohibitions:

Prescribed 1-, 5-, and 10-year time periods[1]. Prohibition on the use of any performance results, of any portfolio or any composite aggregation of *related portfolios* (as defined below), unless the *advertisement* includes performance results of the same *portfolio* or composite aggregation for one-, five-, and ten-year periods, each presented with equal prominence and ending on a date that is no less recent than the most recent calendar year-end; except that if the relevant *portfolio* did not exist for a particular prescribed period, then the life of the *portfolio* must be substituted for that period. Note that the requirement to show 1-, 5-, and 10- year returns does ***not*** apply when showing *private fund* performance.

[1] If a Supervised Person is unable to calculate its one-, five-, and ten-year performance data in accordance with Rule 206(4)-1(d)(2) immediately following a calendar year-end, it may use performance information that is at least as current as the interim performance information in an advertisement until the Supervised Person can comply with the calendar year-end requirement. The SEC believes that a reasonable period of time to calculate performance results based on the most recent calendar year-end generally would not exceed one month.

Claims with respect to SEC approval. Prohibition against including any statement, express or implied, that the calculation or presentation of performance results in the *advertisement* has been approved or reviewed by the SEC.

Related performance. Prohibition on showing *related performance*, unless it includes all *related portfolios*; provided that *related performance* may exclude any *related portfolios* if: the advertised performance results are not materially higher than if all *related portfolios* had been included; and the exclusion of any *related portfolio* does not alter the presentation of any applicable prescribed time periods as described above. For this purpose: a *related portfolio* means a *portfolio* with substantially similar investment policies, objectives, and strategies as those of the services being offered in the *advertisement*; and *related performance* means the performance results of one or more *related portfolios*, either on a *portfolio*-by-*portfolio* basis or as a composite aggregation of all *portfolios* falling within stated criteria.

Extracted performance. Prohibition on showing *extracted performance*, unless the *advertisement* provides, or offers to provide promptly, the performance results of the total *portfolio* from which the performance was extracted. For this purpose, *extracted performance* means the performance results of a subset of investments extracted from a single *portfolio* (in contrast, performance results carved out of several different portfolios is treated as *hypothetical performance* and must comply with the requirements for use of *hypothetical performance* as summarized below).

Hypothetical performance. Prohibition on the use of *hypothetical performance* unless the IAR: (1) adopts and implements policies and procedures reasonably designed to ensure that the *hypothetical performance* is relevant to the likely financial situation and investment objectives of the intended audience of the *advertisement*; (2) provides sufficient information to enable the intended audience to understand the criteria used and assumptions made in calculating such *hypothetical performance*; and (3) provides (or, if the intended audience is an investor in a *private fund*, provides, or offers to provide promptly) sufficient information to enable the intended audience to understand the risks and limitations of using such hypothetical performance in making investment decisions.

Predecessor performance. Prohibition on the use of *predecessor performance* unless: (1) the person or persons who were primarily responsible for achieving the prior performance results manage accounts at the advertising Supervised Person; (2) the accounts managed at the predecessor investment advisor are sufficiently similar to the accounts managed at the advertising Supervised Person that the performance results would provide relevant information to clients or investors; (3) all accounts that were managed in a substantially similar manner are advertised unless the exclusion of any such account would not result in materially higher performance and the exclusion of any account does not alter the presentation of any applicable prescribed time periods as described above; and (4) the advertisement clearly and prominently includes all relevant disclosures, including that the performance results

were from accounts managed at another entity. For this purpose, *predecessor performance* means investment performance achieved by a group of investments consisting of an account or a *private fund* that was not advised at all times during the period shown by the Supervised Person advertising the performance.

Gross Performance. Prohibition on the use of gross performance, unless the advertisement also presents net performance: with at least equal prominence to, and in a format designed to facilitate comparison with, the gross performance; and calculated over the same time period, and using the same type of return and methodology, as the gross performance. For the purpose of the Marketing Rule:

- *Gross performance* means the performance results of a *portfolio* (or portions of a *portfolio* that are included in *extracted performance*, if applicable) before the deduction of all fees and expenses that a client or investor has paid or would have paid in connection with the Supervised Person's 's investment advisory services to the relevant *portfolio*.

- *Net performance* means the performance results of a *portfolio* (or portions of a portfolio that are included in *extracted performance*, if applicable) after the deduction of all fees and expenses that a client or investor has paid or would have paid in connection with the Supervised Person's 's investment advisory services to the *relevant portfolio*, including, if applicable, advisory fees, advisory fees paid to underlying investment vehicles, and payments by the Supervised Person for which the client or investor reimburses the Supervised Person. The Marketing Rule further clarifies that *net performance*: may reflect the exclusion of custodian fees paid to a bank or other third-party organization for safekeeping funds and securities; and/or if using a model fee, must reflect one of the following: the deduction of a model fee when doing so would result in performance figures that are no higher than if the actual fee had been deducted; or the deduction of a model fee that is equal to the highest fee charged to the intended audience to whom the advertisement is disseminated.

Global Investment Performance Standards

The SEC does not administer or sponsor the Global Investment Performance Standards ("GIPS"). Nonetheless, the SEC's examination staff generally take the position that any false claim of GIPS compliance is misleading and is therefore prohibited by Rule 206(4)-1.

Documentation of Advertised Performance Figures

A Supervised Person s must retain documentation that is necessary to show the basis for or demonstrate the calculation of the performance or rate of return of any or all managed accounts, portfolio or securities recommendations presented in any *advertisement*. Custodial or brokerage account statements, and any associated calculation work papers, are the preferred method for a Supervised Person to substantiate communicated performance. Documentation must be retained for at

least five years after a Supervised Person stops communicating the relevant performance. For example, if a Supervised Person stopped communicating performance from 1980 in 2005, statements and calculation work papers from 1980 should be retained through at least the end of 2010. With respect to *predecessor performance,* a Supervised Person must have access to the books and records that support the underlying performance.

Performance Advertising Procedures

- The CCO is responsible for review and approval of any advertisements containing performance information to ensure that they are presented in accordance with the relevant requirements, include all required related portfolios, and reflect prescribed time periods.
- The use of hypothetical performance in advertising materials is strictly prohibited unless reviewed and approved by the Firm prior to use.
- The CCO will determine if advertisement is relevant to the Firm and the investment objectives of the intended audience of the advertisement.
- The CCO will review, determine, and document if advertising of past performance of specific securities that were or may have been profitable to the Firm are fair and balanced, depending on the facts and circumstances.
- The CCO will review and determine the appropriate disclosure used for the advertisements containing performance.

Books and Records

Below is a sample of the books and records to be maintained:

- Communications relating to the performance or rate of return of any portfolios.
- Accounts, books, internal working papers, and other documents necessary to form the basis for or demonstrate the calculation of the performance or rate of return of any portfolios.
- Records supporting hypothetical performance to include copies of all information provided or offered pursuant to the hypothetical performance provisions of the Marketing Rule.
- Records of who the "intended audience" is pursuant to the hypothetical performance and model fee provisions of the Marketing Rule.
- Documentation of communications relating to predecessor performance.

Documentation sufficient to support the calculation of all performance results presented in advertising/marketing materials will also be maintained by the CCO for a period of five years from the last date of distribution of such advertising/marketing material that contained the performance results.

Marketing Procedures for Social Media

- Supervised Persons must obtain prior approval from the CCO for static content on social media sites (such as profiles, articles, scripted blog posts). No prior approval is required for real-time interactive communications, but this content must be reported to the CCO, and will be monitored by the firm.

- The Firm maintains one or more firm-sponsored social media accounts. Only approved Supervised Persons may post to a firm-sponsored social media account, and all posts made by Supervised Persons, including those made by the CCO, must be done in compliance with these policies and procedures.

- The Firm generally prohibits the use of the Firm's name or any reference to its business activities on Supervised Persons' personal social networking accounts (e.g., Facebook). Exceptions may be made only when such accounts are used for business purposes (e.g., LinkedIn) and when the content conforms to Firm's policies and procedures.

- The Firm generally allows use by Supervised Persons of the Firm's name and other "business card" information on an exclusive list of social networking sites approved in writing by the CCO (e.g., Facebook and LinkedIn), as long as such use does not include client information or investment related data such as investment recommendations, specific investment services, or investment performance.

- The Firm utilizes Smarsh, which is a third-party vendor for social media archive and review. All social media accounts used for business must be registered with the Firm's vendor.

- Supervised Persons of the Firm are prohibited from participating in discussions in internet forums, blogs, or the firm's website, or posting to social media sites, without prior written approval from the CCO, regarding the following:
    - Firm's specific investment services;
    - Investment recommendations or advice; or
    - Investment performance.

- Customer rating from services such as Yelp and Google My Business. As long as the Firm does not adopt or become entangled (see definition of *third-party content*) this is not considered marketing material.

Public Appearances

- All public appearances must be pre-approved and must include any handouts.

- If the presentation is pre-planned such as a webinar or speech, the text or an outline must be submitted for pre-approval.

- If the presentation is not pre-planned, such as a media interview, any discussion of specific securities or account/composite/model performance is prohibited.

Marketing to Cities, Municipalities and States

Several cities, municipalities, and states have adopted regulations governing marketing activities associated with public pools of money. Registration requirements vary by locality, but may include limitations on gifts and entertainment, periodic reporting, and ethics training, among other things.

Marketing Definitions

Principles-Based -The Rule is principles-based, and judgements are shaped by regulatory guidance and enforcement precedence. Marketing fluff and hyperbole are not acceptable. Regulators take a strict interpretation of factual statements. If there is one exception, the statement is false. Due to this strict interpretation, most marketing utilizes hedging language. For example, instead of stating "We help our clients achieve their financial objectives," a more appropriate hedged statement would be "Our goal is to help clients achieve their financial objectives."

"Clear and Prominent Disclosure"

To be clear and prominent, the disclosures must be at least as prominent as the testimonial or endorsement. In other words, we believe that the "clear and prominent" standard requires that the disclosures be included within the testimonial or endorsement, or in the case of an oral testimonial or endorsement, provided at the same time. Hyperlinks generally do not meet the clear and prominent standard. Finally, depending on the medium and nature of the material, layered disclosures (as opposed to all at the end) may be appropriate. For example, an advertisement intended to be viewed on a mobile device, may meet the standard in a different way than one intended to be seen as a print advertisement (e.g., a person viewing a mobile device could be automatically redirected to the required disclosure before viewing the substance of an advertisement). Other means of providing layered disclosure would include QR codes or mouse-over windows.

"De minimis compensation"

Compensation paid to a person for providing a testimonial or endorsement of a total of $1,000 or less (or the equivalent value in non-cash compensation) during the preceding 12 months.

"Disqualifying Commission action"

A Commission opinion or order barring, suspending, or prohibiting the person from acting in any capacity under the Federal securities laws.

"Disqualifying event"

Any of the following events that occurred within 10 years prior to the person disseminating an endorsement or testimonial:

1. A conviction by a court of competent jurisdiction within the United States of any felony or misdemeanor involving conduct described in paragraph (2)(A) through (D) of section 203(e) of the Act;
2. A conviction by a court of competent jurisdiction within the United States of engaging in, any of the conduct specified in paragraphs (1), (5), or (6) of section 203(e) of the Act;
3. The entry of any final order by any entity described in paragraph (9) of section 203(e) of the Act, or by the U.S. Commodity Futures Trading Commission or a self-regulatory organization (as defined in the Form ADV Glossary of Terms)), of the type described in paragraph (9) of section 203(e) of the Act;
4. The entry of an order, judgment or decree described in paragraph (4) of section 203(e) of the Act, and still in effect, by any court of competent jurisdiction within the United States; and
5. A Commission order that a person cease and desist from committing or causing a violation or future violation of:
    - Any scienter-based anti-fraud provision of the Federal securities laws, including without limitation section 17(a)(1) of the Securities Act of 1933 (15 U.S.C. 77q(a)(1)), section 10(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78j(b)) and 17 CFR 240.10b-5, section 15(c)(1) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(c)(1)), and section 206(1) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-6(1)), or any other rule or regulation thereunder; or

    - Section 5 of the Securities Act of 1933 (15 U.S.C. 77e);
6. (vi) A disqualifying event does not include an event described in paragraphs (4)(i) through of this section with respect to a person that is also subject to:
    - An order pursuant to section 9(c) of the Investment Company Act of 1940 (15 U.S.C. 80a-3) with respect to such event; or
    - A Commission opinion or order with respect to such event that is not a disqualifying Commission action, provided that for each applicable type of order or opinion described in paragraphs (4)(vi)(A) and (B) of this section:
        - The person is in compliance with the terms of the order or opinion, including, but not limited to, the payment of disgorgement, prejudgment interest, civil or administrative penalties, and fines; and
        - For a period of 10 years following the date of each order or opinion, the advertisement containing the testimonial or endorsement must include a statement that the person

providing the testimonial or endorsement is subject to a Commission order or opinion regarding one or more disciplinary action(s) and include the order or opinion or a link to the order or opinion on the Commission's website.

"Extracted performance"

The performance results of a subset of investments extracted from a portfolio.

"Gross performance"

The performance results of a portfolio (or portions of a portfolio that are included in extracted performance, if applicable) before the deduction of all fees and expenses that a client or investor has paid or would have paid in connection with the IAR's investment advisory services to the relevant portfolio.

"Hypothetical performance"

Performance results that were not actually achieved by any portfolio of the investment advisor. Hypothetical performance includes, but is not limited to:

1. Performance derived from model portfolios;
2. Performance that is back tested by the application of a strategy to data from prior time periods when the strategy was not actually used during those time periods; and
3. Targeted or projected performance returns with respect to any portfolio or to the investment advisory services regarding securities offered in the advertisement.
4. Hypothetical performance does not include:
    a. An interactive analysis tool where a client or investor, or prospective client, or investor, uses the tool to produce simulations and statistical analyses that present the likelihood of various investment outcomes if certain investments are made or certain investment strategies or styles are undertaken, thereby serving as an additional resource to investors in the evaluation of the potential risks and returns of investment choices; provided that the investment advisor:
        - Provides a description of the criteria and methodology used, including the investment analysis tool's limitations and key assumptions;
        - Explains that the results may vary with each use and over time;
        - If applicable, describes the universe of investments considered in the analysis, explains how the tool determines which investments to select, discloses if the tool favors certain investments and, if so, explains the reason for the selectivity, and states that other investments not considered may have characteristics similar or superior to those being a analyzed; and

- Discloses that the tool generates outcomes that are hypothetical in nature; or

b. Predecessor performance that is displayed in compliance with paragraph (7) of this section.

"Ineligible person"

A person who is subject to a disqualifying Commission action or is subject to any disqualifying event, and the following persons with respect to the ineligible person:

1. Any employee, officer, or director of the ineligible person and any other individuals with similar status or functions within the scope of association with the ineligible person;
2. If the ineligible person is a partnership, all general partners; and
3. If the ineligible person is a limited liability company managed by elected managers, all elected managers.

"Net performance"

The performance results of a portfolio (or portions of a portfolio that are included in extracted performance, if applicable) after the deduction of all fees and expenses that a client or investor has paid or would have paid in connection with the IAR's investment advisory services to the relevant portfolio, including, if applicable, advisory fees, advisory fees paid to underlying investment vehicles, and payments by the IAR for which the client or investor reimburses the IAR. For purposes of this rule, net performance:

1. May reflect the exclusion of custodian fees paid to a bank or other third-party organization for safekeeping funds and securities; and/or
2. If using a model fee, must reflect one of the following:
    a. The deduction of a model fee when doing so would result in performance figures that are no higher than if the actual fee had been deducted; or
    b. The deduction of a model fee that is equal to the highest fee charged to the intended audience to whom the advertisement is disseminated.

"Portfolio"

A group of investments managed by the Supervised Person. A portfolio may be an account or a private fund and includes, but is not limited to, a portfolio for the account of the Supervised Person or its advisory affiliate (as defined in the Form ADV Glossary of Terms).

"Predecessor performance"

Investment performance achieved by a group of investments consisting of an account or a private fund that was not advised at all times during the period shown by the Supervised Person advertising the performance.

"Private fund"

The same meaning as in section 2(a)(29) of the Investment Company Act of 1940.

"Related performance"

Performance results of one or more related portfolios, either on a portfolio-by-portfolio basis or as a composite aggregation of all portfolios falling within stated criteria.

"Related portfolio"

Portfolio with substantially similar investment policies, objectives, and strategies as those of the services being offered in the advertisement.

"Supervised person"

The same meaning as in section 2(a)(25) of the Investment Company Act of 1940.

"Third-Party Content"

Definition of advertisement includes "any direct or indirect communication" of an IAR. This means that a communication distributed by an agent or intermediary on behalf of a Supervised Person would generally be considered an "advertisement" of the Supervised Person. The Adopting Release defined the concepts of "adoption" and "entanglement" in the context of third-party content on company websites, the Adopting Release also notes that third party information may be an indirect "advertisement" if the Supervised Person has either endorsed or approved the information after publication or involved itself in the preparation of the information.

"Third-party rating"

A rating or ranking of a Supervised Person provided by a person who is not a related person (as defined in the Form ADV Glossary of Terms), and such person provides such ratings or rankings in the ordinary course of its business.

14. ELECTRONIC COMMUNICATIONS

Text Messaging Policy

Regulators have classified text messaging as a form of electronic communication requiring supervision and retention. Regulators have noted in the context of addressing the supervision and recordkeeping requirements for text messaging that a Firm's obligation to supervise electronic communications is based on the content and audience of the message, not the electronic form of the communication. Text messages are not exempt from the requirements despite the challenges associated with supervision and retention.

Given the position on text messaging, along with the logistical challenges of supervising and archiving text messages, the Firm's policy is to allow Supervised Persons to use text messaging to communicate business related information, subject to the policies within this Compliance Manual's Electronic Communications section, relating to its use. All texts will be archived.

- All communications via text message must go through the MyRepChat website or mobile app.
- All Supervised Persons must create a MyRepChat account.
- All text messages must be received and sent by the business phone number set up in the Supervised Person's MyRepChat account.
- The email address used for the Supervised Person's MyRepChat account must be the email that is monitored and archived.
- If a client texts a Supervised Person on their personal phone number, the Supervised Person must direct them to the new business number that can be used for texting. When responding, the Supervised Person must either call the client or send a message from their MyRepChat number. Supervised Persons cannot reply to the text message by texting from their personal mobile number.
- If a client is also a family member or friend, text messages about advisory business must be sent to and from the Supervised Person's business number.
- As with business emails, business texting numbers must be used for business purposes only. This is because personal texts (and emails) clog up the compliance review queue. The Firm also does not want to have personal information archived or for review.
- Supervised Persons cannot request client's text any sensitive, personal information, like social security numbers. These details should still be collected over a phone call or in person.

15. CODE OF ETHICS

Personal Securities Transactions

The Firm requires all Supervised Persons to strictly comply with the Firm's policies and procedures regarding personal securities transactions outside of the Firm. The following procedures are designed to assist the Firm in detecting and preventing abusive sales practices.

Policy

It is the express policy of the Firm that Supervised Persons may not purchase or sell any security prior to a transaction(s) being implemented for an advisory account during the same day unless such transactions are at a price equal to or inferior to the price obtained by advisory clients, and therefore, preventing such Supervised Person from benefiting from transactions placed on behalf of advisory accounts. This includes orders in securities that are derivatives (e.g., options, warrants) of the security being purchased or sold by the client. The Firm may utilize batched orders to carry out this policy. The Firm will monitor trades through quarterly Trade Blotter reviews to ensure front running is not occurring.

When reviewing these items, consider the following:

- If a Supervised person decides to buy or sell a security in their own personal or a related account, they must first determine if they would recommend to any of their clients that they should purchase or sell the same security. If the answer is yes, the Supervised person should contact their clients first prior to transacting in their own account.
- If the Supervised Person contacted a client with a recommendation, did the Supervised Person allow the client a reasonable time to respond?
- Whether there were extenuating circumstances (e.g., personal emergency or severe rapid market movements) that warranted execution of the Supervised Person's 's personal trade prior to waiting for a reasonable period of time for the client to respond.
- If the Supervised Person IAR has full discretionary authority, did the Supervised Person consider whether or not any of the accounts over which the Supervised Person has been granted discretion contain the equity they are planning to trade and whether or not it is appropriate to take action in the client's account?

PROCEDURE

If the client's trade is made after the Supervised Person 's personal trade and the Supervised Person received a better price, the Supervised Person must contact the CCO and report the situation and consider appropriate actions to correct the trades.

Front Running- Prohibition. Defined as a Supervised Person, employee, or related account order being placed before client orders. This includes orders in

securities that are derivatives (e.g., options, warrants) of the security being purchased or sold by the client.

Limited or Private Offerings – Pre-Clearance*.* Supervised Persons are prohibited from directly or indirectly acquiring beneficial ownership of any security in a limited or private offering, without the specific, advance written approval of the CCO, which the CCO may deny for any reason.

Initial Public Offerings – Prohibition. Supervised Persons are prohibited from directly or indirectly acquiring beneficial ownership[2] of any security in an initial public offering.

In determining whether to grant permission for such limited or private placement, the CCO shall consider, among other things, whether such offering should be reserved for a client and whether such transaction is being offered to the person because of his or her position with the Firm.

Any Supervised Person who has received such permission shall be required to disclose such an investment when participating in any subsequent consideration of such security for purchase or sale by client of the Firm, and that the decision to purchase or sell such security shall be made by persons with no personal, direct, or indirect, interest in the security.

If you have any question as to whether a possible investment is an initial public offering or a limited or private placement, please consult with the CCO.

24 -hour Blackout Period

Supervised Persons may not purchase or sell any Reportable Security within 24 hours immediately before or after a day on which any client account managed by the Firm purchases or sells that Reportable Security (or any closely related security, such as an option or a related convertible or exchangeable security), *unless the Supervised Person had <u>no actual knowledge</u> that the reportable security (or any closely related security) was being considered for purchase or sale for any client account.* If any such transaction occurs, the Firm will normally require any profits from the transaction to be disgorged for donation by the Firm to charity. Note that the total blackout period is two (2) business days (one [1] business day

[2] The term "beneficial ownership" as used in this Code of Ethics is to be interpreted by reference to Rule 16a-1 under the U.S. Securities Exchange Act of 1934, as amended. Under the Rule, a person is generally deemed to have beneficial ownership of securities if the person, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares a direct or indirect pecuniary interest in the securities. The term "pecuniary interest" means the opportunity, directly or indirectly, to profit or share in any profit derived from a transaction in the subject securities.

Notwithstanding the fact that a Supervised Person has not purchased a security for his/her own account or the account of an immediate family member, if at any time a Supervised Person becomes aware that he/she has become a beneficial owner of a security in an initial public, limited or private offering (e.g., a purchase made by an immediate family member, which is any relative by blood or marriage living in the Supervised Person's household), the Supervised Person shall promptly report such interest to the CCO who shall determine the appropriate action, if any.

before and one [1] business day after). Supervised Persons may trade alongside clients, as long as such transactions are at a price equal to or inferior to the price obtained by clients.

Restricted List. Compliance maintains a list of restricted securities and Supervised Persons are prohibited from purchasing or selling those securities while they are on the restricted list without prior written approval of Compliance. The restricted securities list includes securities that have an average trading volume below 500,000.

Prohibition on Participation in Investment Clubs. Supervised Persons are prohibited from participating in or making investments with or through any investment club or similar association or entity except with the specific, advance written approval of Compliance. If a Supervised Person has any doubt or uncertainty as to whether an association or entity is an investment club, they should contact Compliance before becoming involved with the association or entity.

Supervised Persons are prohibited from directly or indirectly advising or causing any immediate family member (i.e., any relative by blood or marriage living in the Supervised Person's household) to engage in conduct the Supervised Person is prohibited from engaging in under the Firm's Code of Ethics.

If a Supervised Person determines within 24 hours immediately before or after they have purchased or sold for their own account a Reportable Security that was not, to the Supervised Person's knowledge, then under consideration for purchase by any client account, the Supervised Person is required to put the clients' interests first and promptly make the investment recommendation or decision in the clients' interest, rather than delaying the recommendation or decision for clients until after the 24 hours following the day of the transaction for the Supervised Person's own account to avoid a possible conflict with the blackout provisions of this Code of Ethics.

Prohibited Activities

Borrowing from and Lending to Clients

Supervised Persons are generally not permitted to borrow from or lend to their own clients. This restriction does NOT apply when a Supervised Person enters into a loan arrangement with a client who is:

- An immediate family member (defined as parents, grandparents, in-laws, spouse, siblings, children, grandchildren, cousins, aunts or uncles, nieces or nephews, and any other person whom the Supervised Person supports, directly or indirectly, to a material extent;
- A financial institution in the business of providing credit, financing, or loans AND where the terms of the lending arrangement are those that would also be available to the general public doing business with those institutions;
- Another Supervised Person of the Firm;

- Someone (or an entity) who has a personal relationship with the Supervised Person and the lending arrangement arises from the personal relationship rather than a Supervised Person/client relationship; or,
- Someone (or an entity) that has a business relationship outside the Supervised Person/client relationship.

Any proposed loan with the Supervised Person's client (other than a loan with a family member in item number 1 or financial institution in item number 2 above) requires the prior review and approval by Compliance.

Client Signatures

Supervised Persons are prohibited from committing forgery. Supervised Persons are not permitted to sign documents on behalf of clients, even when doing so is meant to accommodate a client's request. Doing so may result in disciplinary action and/or termination from the Firm. Client signatures must be original by the client on all documents. If a signature's authenticity comes into question, Compliance will contact the Supervised Person asking for an explanation and can reach out to the client to validate the request and signature.

The Firm requires original or electronic client signatures and dates for all paperwork. For this reason, under no circumstances should clients sign blank forms. The Firm prohibits Supervised Persons and their staff from obtaining and maintaining signed, blank forms from clients. Doing so may result in disciplinary action and/or termination from the Firm.

Client-signed documents must be returned with all pages intact. The firm is unable to accept signed or initialed pages unless accompanied by the full documentation that evidences that the client was provided with all information and agreements. This policy covers all signed documents, both wet signature and e-signature, and all forms of document transmission (e.g., mail, fax, email, etc.).

Signature stamps are generally prohibited for use by customers and Supervised Persons; however, the Firm will allow the use of a signature stamp if it is medically necessary. If a customer or a Supervised Person has a medical condition that requires them to use a signature stamp, Compliance may approve the use of a signature stamp if supporting documentation is provided.

Correspondence and Marketing in a Non-English Language

The Firm prohibits correspondence and marketing in any language other than English. Correspondence and marketing, including text, images, audio/video presentations, and recordings must be in English, unless prior written approval has been received from Compliance. Supervised Persons must confirm that all clients fully understand English language documents prior to signing.

Impersonating a Client

Supervised Persons and their office staff are prohibited from impersonating a client, including representing themselves as a client to a product company, clearing firm, custodian or any other entity in order to request information or process securities business.

16. PORTFOLIO MANAGEMENT

Crypto-Asset Policy

The Firm prohibits Supervised Persons from providing advisory advice regarding investments in crypto-currency (e.g. Bitcoin), initial coin offerings ("**ICOs**"), distributed ledger technology, blockchain and/or any related products and pooled investment vehicles ("**Crypto-Assets**"). As such, advisors cannot maintain investments in any existing accounts discovered after opening.

Supervised Persons may, at their own risk, under their own discretion, and as they deem appropriate and reasonable, purchase actual cryptocurrencies for their own accounts. Note: The Firm doesn't facilitate the purchase and sale of cryptocurrencies. These transactions would be required to be done at other firms in accordance with the Firm's Outside Investment Accounts Policy. Advisor must notify Compliance and get approval by Compliance.

If a Supervised Person becomes aware of any existing clients involved in the cryptocurrency and/or block chain trade, they should immediately report this information to the CCO.

Source of Funds

Source of funds and long-term risk considerations are a concern for all types of accounts. While requirements do not specifically refer to age or life stage for risk, all the following factors should be considered when making recommendations to investors:

- Source of funds.
- Source of income.
- Current and future prospects for employment.
- Income needed to meet fixed or anticipated expenses.
- Savings for retirement and how they are invested.
- Liquidity needs.
- Financial and investment goals.
- Primary expenses including whether the customer still has a mortgage.

Recommending or using any form of credit related to liquified home equity from a client's primary residence, secondary residence, or any investment property for the purpose of investing at the Firm is prohibited. This restriction applies to both a Supervised Person soliciting this type of business as well as a client requesting such a transaction. Recommending, selling, or facilitating the sale of a reverse mortgage is also prohibited. Likewise, cash out refinances or reverse mortgages for investment purposes cannot be recommended.

Once a Supervised Person becomes aware that funds have been sourced from home credit, the Supervised Person is required to refrain from investing it

with the Firm. The prohibited forms of investing include any security, variable insurance, approved outside product such as a fixed insurance, investment advisory products, or any products and services offered or sold as a Supervised Person.

Supervised Persons are permitted to provide clients with educational information regarding reverse mortgages, including how they work as well as the advantages and disadvantages and may also direct clients to the National Council on aging to obtain further information.

All inquiries regarding this policy at the Firm shall be directed to the CCO.

Prohibited Activities Policy

The following is a non-exhaustive list of activities in which Supervised Persons are prohibited from engaging.

- Recommending or engaging in acts designed to conceal or disguise a client's identity, the source of investment funds, or to avoid regulatory recordkeeping. Directly or indirectly sharing in the profits or losses of a client's account.
- Directly or indirectly sharing fees with an unregistered person, or a person registered with another RIA, without the prior written approval from the CCO.
- Agreeing to repurchase a security from a client.
- Accepting a check from a client made payable to any person or entity other than the Firm or Custodian.
- Forwarding, or agreeing to forward, original confirmations or account statements to an address other than the address provided on the client's investment advisory agreement.
- Accepting cash or money orders from a client.
- Establishing escrow or collateral accounts without the prior written approval.
- Taking proxy authority or voting proxies that are solicited for securities held in any advisory or brokerage account.
- Recommending or using any form of credit related liquefied home equity from a client's primary residence, secondary residence, or any investment property for the purpose of investing in any security, variable insurance, approved outside products such as fixed insurance, investment advisory products, or any products and services offered or sold in the capacity of a Supervised Person. An accommodation for a Supervised Person to be able to discuss with a client obtaining liquefied equity on the client's property is subject to Compliance approval and may be considered under limited circumstances. For purposes of clarification, the use of excess mortgage proceeds for investment from the sale of a home (i.e., downsizing) would be permissible in the event it was not a strategy

recommended to a client and the client did not obtain new mortgage related funds for the purchase of their residence.

- Providing tax advice to clients. Clients should be advised to consult with their own tax advisor.
- Providing legal advice to clients. Prohibited legal advice includes, but is not limited to, advice on wills, joint ownership of property, transfers or distribution of property after death or how to take title on an account.
- Providing Verification of Deposit (VOD) letters to third parties or creating a VOD letter with the intention of it being distributed to a third party. A Verification of Deposit, or VOD, is a document requested by a third party, usually a lender, and signed by the financial institution to verify a client's financial holdings. The verification of deposit must come from the Custodian as the holder of assets.

19. TRADE ERROR PROCEDURES

Trade Error Notification Procedures

Traders are required to adhere to the following in the event a potential trading error is identified:

1. Alert the CCO immediately.
2. Determine whether a trading error has occurred and the responsible party.
3. Work with the CCO to determine the best course of action to correct the trading error.
4. Once the best course of action is determined, work with the Qualified Custodian to correct the error as soon as possible, that is in the best interest of the client, and in a manner consistent with the Policy outlined above.
5. In the event of a loss, work with the Qualified Custodian to reimburse the account from the Firm's fee or sundry account for the full amount of the loss, including transaction costs.
6. In the event of an erroneous profit, the profit is immediately donated to a charity that has been pre-determined by the Firm and is connected to the Firm's fee or sundry account.
7. The Trader documents the trading error and sends it to the CCO. The documentation is required to include: (1) the date of the trading error, (2) the account(s) involved, (3) the security involved (including CUSIP), (4) a brief description of the error, (5) the amount of the gain or loss, and (6) recommended changes to the policy to prevent the error from occurring in the future.
8. Payments made to clients because of trade error correction are recorded in the Firm's accounting records.
9. Only the Firm has the authority to reimburse clients.
10. The CCO determines if a pattern of errors exists that should otherwise be addressed. If the Trader has three (3) trade errors in a twelve (12) month period, the Trader must obtain prior authorization from the Firm's Compliance department for any future trades for a period of three (3) months.
11. The Firm maintains a record of all trade error reports for a period of five (5) years.

21. ERISA PLANS

Policy

The Firm acts as an investment manager for advisory clients (typically the plan sponsor of a qualified retirement plan) which are governed by ERISA ("**Covered Plan**" or collectively "**Covered Plans**"). Under certain circumstances, the Firm is treated as giving "investment advice" to a plan or a plan fiduciary for purposes of section 3(21) and 3(38) of ERISA. When giving "investment advice" with respect to a plan, the Firm is treated as a co-fiduciary or a fiduciary under ERISA. As an investment manager and a fiduciary with special responsibilities under ERISA, and as a matter of policy, the Firm acts solely in the interests of the plan participants and beneficiaries. The Firm is required to manage client assets consistent with the "Prudent Man Rule," maintaining any ERISA bonding or fiduciary liability insurance that is required and obtaining written investment guidelines and investment policy statements.

Only the Firm can serve as an ERISA 3(38) investment manager for the Covered Plan. A Supervised Person can serve as an ERISA 3(21) investment advisor for the Covered Plan.

QDIA Regulation

The Department of Labor ("**DOL**") adopted the Qualified Default Investment Alternative ("**QDIA**") Regulation (ERISA Section 404(c)(5)) to provide relief to a plan sponsor from certain fiduciary responsibilities for investments made on behalf of participants or beneficiaries who fail to direct the investment of assets in their individual accounts.

For the plan sponsor to obtain safe harbor relief from fiduciary liability for investment outcomes the assets must be invested in a QDIA as defined in the regulation. While investment products are not specifically identified, the regulation provides for four types of QDIAs:

1. A product with a mix of investments that take into consideration the individual's age or retirement date (e.g., a life cycle or target date fund).
2. An investment services product that allocates contributions among existing plan options to provide an asset mix that takes into consideration the individual's age or retirement date (i.e., a professionally managed account).
3. A product with a mix of investments that considers the characteristics of the group of employees rather than everyone (e.g., a balanced fund).
4. A capital preservation product for only the first 120 days of participation (an option for plan sponsors wishing to simplify administration if employees opt-out of participation before incurring an additional tax).

A QDIA must either be managed by (i) an investment manager, (ii) a plan trustee, (iii) a plan sponsor, or (iv) a committee primarily comprised of employees of the plan sponsor that is a named fiduciary, or it can be an investment company registered under the Investment Company Act of 1940. It is the policy of the Firm that investment advice given by the Firm with respect to Covered Plans concerning default

investment options for participants or beneficiaries ensures that plan fiduciaries wanting to offer a QDIA can do so consistent with the QDIA Regulation.

ERISA Disclosures - 408(b)(2)

Under ERISA section 408(b)(2), covers service providers that are required to provide to the responsible plan fiduciary advance disclosures concerning their services and compensation ("**Covered Service Provider**" or collectively "**Covered Service Providers**"). This regulation amends a prohibited transaction rule under ERISA and the Internal Revenue Code. That rule states that it is a prohibited transaction for a Covered Plan to enter into an arrangement with a Covered Service Provider unless the arrangement is reasonable, and the compensation being received by the Covered Service Provider is reasonable. The final regulation imposes specific disclosure requirements intended to enable the plan's responsible plan fiduciary to determine whether a Covered Service Provider arrangement is reasonable and identifies potential conflicts of interest.

Investment Advice and Rollover Recommendations

This section below sets forth the Firm's policies and procedures to address compliance with the Department of Labor's PTE 2020-02, *Improving Investment Advice for Workers & Retirees*. The prohibited transaction exemption under ERISA and the Internal Revenue Code ("Code") for investment advice fiduciaries with respect to employee benefit plans and individual retirement accounts (IRAs) requires Supervised Persons who recommend rollovers, must justify and explain the benefits, expenses and all conflicts of interest associated with the recommendation as well as attempt to benchmark advisor compensation. "Rollovers" include not only rollovers from plans to IRAs, but also from an IRA to another IRA, an IRA to a plan, a plan to another plan, and from one type of account to another (brokerage to advisory, and vice versa).

"Investment Advice and recommendations" *to client or potential client to rollover assets is considered fiduciary investment advice if the following 5-part test is satisfied:*

1. For a Fee, *renders advice as to the value of securities* or other property, or make recommendations as to the advisability of investing in, purchasing, or selling securities or other property,
2. *On a regular basis,*
3. *Pursuant to a mutual agreement*, arrangement, or understanding with the Plan, Plan fiduciary or IRA owner,
4. That the advice will serve as a *primary basis for investment decisions* with respect to Plan or IRA assets, and
5. The advice will be *individualized based on the needs* of the Plan or IRA.

If all five parts listed above are satisfied, the Supervised Person will be considered a "fiduciary" under ERISA and/or the Code.

Supervised Persons that provide investment advice and rollover recommendations are providing "investment advice and recommendations" regarding the individual's tax-advantaged account(s) prior to recommending the rollover.

Overview

By the conditions outlined above, if the Supervised Person provides "investment advice and recommendations" with respect to plan rollovers and IRAs. The DOL's position is that all types of guidance and recommendations pertaining to rollovers ***will be*** considered fiduciary advice. The DOL sees plan rollover recommendations and IRA transfers as the start of an ongoing advisory relationship, and so the advice to enact the rollover or transfer should be treated as the beginning of the fiduciary relationship. The DOL says the collection of compensation related to rollover advice and transfer recommendations is almost always going to be a prohibited transaction, triggering the need for an exemption. The prohibited transaction requires formal exemption, all because the Supervised Person is influencing the amount of compensation they will receive from a fiduciary client.

Fiduciaries are prohibited from:

- *Self-Dealing* (e.g., providing advice that can increase your compensation).
- *Dual Representation* (e.g., acting on behalf both buyer and seller in a transaction involving plan or IRA assets).
- *Receiving third-party payments* (e.g., receiving compensation from anyone other than the client i.e., commissions, 12b-1, trail and/or solicitor fees, etc. for providing investment advice or exercising discretion).

Therefore, if rollover advice is fiduciary in nature, and it will result in one of the above prohibitions, the recommendation is a prohibited transaction. As a result, the DOL has created a new prohibited transaction exemption.

Policy

The Firm requires Supervised Persons to adhere to standards designed to ensure that the investment recommendations reflect the best interest of retirement investors. Since the Firm is relying on the exemption, the Firm and Supervised Persons will follow the following conditions as outlined in PTE 2020-02:

- **ACKNOWLEDGE** their fiduciary status in writing (either through the Part 2A Brochure or the IRA Rollover worksheet/client attestation).
- **DISCLOSE** their services and material conflicts of interest through the ADV Part 2A.
- **ADHERE** to Impartial Conduct Standards requiring that:
    - Investigate and evaluate investments, provide advice, and exercise sound judgment in the same way that knowledgeable and impartial professionals would (i.e., *the recommendations must be "prudent"),*

    - Act with undivided loyalty to retirement investors when making recommendations (in other words, the Supervised person must never place its own interests ahead of the interests of the retirement investor, or subordinate the retirement investor's interests to their own),
    - Charge no more than reasonable compensation and comply with federal securities laws regarding "best execution,"
    - Avoid making misleading statements about investment transactions and other relevant matters.
- **ADOPT POLICIES AND PROCEDURES** prudently designed to ensure compliance with the Impartial Conduct Standards and to mitigate conflicts of interest that could otherwise cause violations of those standards as adopted in this section and document (Firm's Compliance Manual).
- **DOCUMENT AND DISCLOSE** the specific reasons that any rollover recommendation is in the retirement investor's best interest using the Firm's rollover recommendation application.
- **CONDUCT** an annual retrospective compliance review by the CCO.

The Supervised Person must document and disclose in writing the specific reasons that a rollover recommendation is in the retirement investor's best interest. In doing so, the Supervised Person will consider the client's alternatives to a rollover, such as leaving the money in an employer's plan and taking advantage of the investment options available in that plan, including available options other than those reflected in the retirement investor's current plan holdings. The Supervised Person is expected to make diligent and prudent efforts to obtain information about the existing employee benefit plan and the participant's interests in it.

Impartial Conduct Standards

The Impartial Conduct Standards are consumer protection standards that ensure that Supervised Persons adhere to fiduciary norms and basic standards of fair dealing.

The standards specifically require Supervised Persons to:

- Give advice that is in the "best interest" of the retirement investor. This best interest standard has two chief components: prudence and loyalty.
- Under the prudence standard, the advice must meet a professional standard of care as specified in the text of the exemption;
- Under the loyalty standard, the Supervised Person may not place their own interests ahead of the interests of the retirement investor, or subordinate the retirement investor's interests to their own;
- Charge no more than reasonable compensation and comply with federal securities laws regarding "best execution"; and
- Make no misleading statements about investment transactions and other relevant matters.

Prudent Analysis- Information Gathering

The Supervised Person will document a prudent analysis of why a rollover recommendation is in a retirement investor's best interest. For recommendations to roll over assets from an employee benefit plan to an IRA, the relevant factors include but are not limited to:

- the *alternatives to a rollover*, including leaving the money in the investor's employer's plan, if permitted;
- the *fees and expenses* associated with both the plan and the IRA;
- whether the *employer pays* for some or all of the plan's administrative expenses;
- the different levels of services and investments available under the plan and the IRA;
- the ability to take penalty-free withdrawals;
- the application of required minimum distributions;
- the protection from creditors and legal judgements;
- holdings of employer stock; and
- any special features of the existing account.

When considering the alternatives to rollover, the Supervised Person will not focus solely on the retirement investor's existing investment allocation, without any consideration of other investment options in the plan.

For rollovers from another IRA or from a commission-based account to a fee-based arrangement, a prudent recommendation would include consideration and documentation of the services under the new arrangement. As relevant, the analysis should include consideration of factors such as the long-term impact of any increased costs; why the rollover is appropriate notwithstanding any additional costs; and the impact of economically significant investment features such as surrender schedules and index annuity cap and participation rates.

To satisfy the documentation requirement for rollovers from an employee benefit plan to an IRA, the Supervised Person will make diligent and prudent efforts to obtain information about the existing employee benefit plan and the participant's interests in it. In general, such information should be readily available because of Department regulations mandating disclosure of plan-related information to the plan's participants. If the retirement investor won't provide the information, even after a full explanation of its significance, and the information is not otherwise readily available, the Supervised Person will make a reasonable estimation of expenses, asset values, risk, and returns based on publicly available information.

Additionally, the Supervised Person will document and explain the assumptions used and their limitations. In such cases, the Supervised Person could rely on alternative data sources, such as the most recent Form 5500 or reliable benchmarks on typical fees and expenses for the type and size of plan at issue.

Fiduciary Acknowledgement

The Supervised Person will satisfy the fiduciary acknowledgment requirement by requiring the following:

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.*

***Conflicts* of Interest**

Since the Firm is relying on PTE 2020-02, the Firm will identify and carefully focus on the conflicts of interest associated with its business model and practice that create incentives for the Firm to place its interests ahead of the retirement investor's interest. The Firm's policies and procedures are designed to, among other things, protect retirement investors from recommendations that are not in the investor's best interest, or to allocate excessive amounts to illiquid or risky investments. The Firm does not recommend nor use any investment products where its Supervised Persons are compensated differently, nor is there an incentive for a Supervised Person to meet any compensation thresholds that would pose as a conflict to retirement investors.

Supervisory Oversight

The Firm will include supervisory oversight of investment recommendations when monitoring the specific documentation of rollovers on at least a quarterly basis.

The Firm will provide the following monitoring of Supervised Persons investment recommendations at or near compensation thresholds, recommendations at key liquidity events for investors (e.g., rollovers), and recommendations of investments that are particularly prone to conflicts of interest as outlined in the Code of Ethics.

Violations Corrective Actions

If the CCO determines a rollover was initiated that was not in the best interest of the client, the Supervised Person will work with the client to correct the action within 90 days of when the rollover occurred or was found to be inconsistent with the Policy.

The PTE allows for self-correction of violations of its conditions if the following conditions are met:

- The violation didn't result in investment losses, or the investor was made whole.
- The violation is corrected, and the DOL is notified of the violation and correction within 30 days after the correction.
- The correction occurs no later than 90 days after the financial institution knew or reasonably should have known of the violation.
- The violation and correction are disclosed in a timely manner and described in the Financial Institution's retrospective review.

Documentation on how the situation was corrected must be maintained in the Compliance file and documented in the Annual Retrospective Review. Documentation on how the situation was remediated.

Annual Retrospective Review

The Firm's CCO will conduct an annual retrospective review that is reasonably designed to assist in detecting and preventing violations of, and achieving compliance with, the Impartial Conduct Standards and the Firm's policies and procedures. The methodology and results of the retrospective review will be a written report and available to the Firm's senior executive officers.

The procedures include that the Firm's CCO will draft the report and review that policies and procedures are in place to achieve compliance with conditions of the exemption. The CCO will ensure there is a prudent process in place to modify such policies and procedures as business, regulatory, and legislative changes and events dictate, and to test their effectiveness on a periodic basis to ensure continuing compliance with the conditions of the exemption.

The Annual Certification Review is completed no later than six months following the end of the period covered by the review. This is typically conducted during Q4 or the following Q1. The Firm retains the report, certification, and supporting data for six years and provide these documents to the Department within 10 business days of a request.

The Firm will use the results of the review to find more effective ways to help ensure that the Supervised Persons are providing investment advice in accordance with the Impartial Conduct Standards and to correct any deficiencies in existing policies and procedures. CCO will carefully review the report before making the required

certifications, so that they can make the certifications with confidence. Making the certifications without carefully reviewing the report would constitute a violation of the exemption. This ensures that the Firm, through an appropriate senior executive officer and/or CCO, is fully accountable for the retrospective review.

The only time a recommendation will NOT be considered fiduciary under ERISA, or the Code is when a Supervised Person receives an unsolicited rollover transaction, initiated by the client, and it did not provide investment advice or recommendations, before or after the rollover.

Unsolicited Rollover Transactions

Supervised Persons may obtain plan assets from a qualified plan or an IRA transfer, on an unsolicited basis with the intent to be managed, and where the client independently decided to rollover the assets.

Supervisory Oversight on Unsolicited Rollovers

Supervised Person's will be required to obtain a client's attestation that the Supervised Person did not provide "investment advice or recommendations" regarding the plan rollover or IRA transfer. Supervised Persons are required to submit client signed documentation to Compliance for review.
Please see: Client-Initiated Rollover Attestation.

INVESTMENT MANAGEMENT FOR RETIREMENT PLANS -3(21) or 3(38)

Responsibility

The CCO is responsible for managing ERISA accounts in a manner that complies with the provisions of ERISA and tax-qualified accounts in a manner that complies with the Code, and that neither the Firm nor its employees enter into any transactions prohibited under ERISA and the Code.

The CCO is responsible for engaging counsel, as necessary, regarding the Firm's responsibilities when managing an account subject to ERISA or the Code.

Covered Service Provider

The CCO will determine whether the Firm is a "covered service provider." The Firm will meet that definition if the following three conditions exist:

1. it has a contract or an arrangement with a Covered Plan;
2. it reasonably expects to receive $1,000 or more in direct or indirect compensation under an arrangement involving the Covered Plan; and
3. it provides "Covered Services."

Covered Services most relevant to the Firm are:

1. Services provided directly to a plan as a fiduciary under ERISA Section 3(21) or 3(38), which may include a Supervised Person providing advisory services to a plan or participants in a plan under Section 3(21)(A)(ii);
2. Services provided directly to a plan as an investment advisor registered under the Investment Advisers Act of 1940 or state law, which would include registered investment advisors providing services that might not constitute fiduciary services; and
3. Consulting and investment advisory services if the Firm reasonably expects to receive "indirect compensation" (as defined in the regulation). "Consulting" services are those that relate to the development or implementation of investment policies or objectives or the selection or monitoring of service providers or plan investments.

The Firm falls within "Covered Service Providers" under one or more the above categories because it:

1. provides "direct" investment advice;
2. is a fiduciary under ERISA; and
3. is registered under the Advisers Act and provides services covered by that registration.

In addition, the Firm will be a Covered Service Provider if it receives indirect compensation and provides such consulting services as:

1. assisting with the development of a plan's investment policy;
2. helping with the selection or monitoring of the recordkeeper; and
3. providing information to assist a fiduciary in monitoring a plan's investments.

Plan Documents

With respect to each plan client, the Firm will review, familiarize itself with, and follow the specific guidelines, limitations, and restrictions under which the plan operates. The Firm shall invest plan client assets only if such investment is permitted by, and consistent with, the plan documents that govern the plan client.

Bonding

The CCO will check ERISA and applicable Department of Labor rules to see if its activities with respect to plan clients holding plan assets require the Firm to obtain a bond. If so, the CCO will arrange for the Firm to obtain appropriate coverage.

Each bond shall:

1. Protect the plan from losses incurred by fraudulent or dishonest acts performed by the Firm’s officer or employee; and
2. Have a corporate surety company that meets Department of Treasury regulations.

Rule(408B)

The Firm will monitor whether it is a "Covered Service Provider" under ERISA, a status if obtained will require it to make certain disclosures. This disclosure is included in the Plan Sponsor Agreement.

Reporting

The Firm will disclose, upon written request, any other information relating to compensation received in connection with the arrangement, if it is required for the investing plan to comply with the reporting and disclosure requirements of ERISA and the regulations, forms and schedules issued thereunder. The Firm will provide such information not later than 30 days after receipt of a written request from the responsible plan fiduciary or plan administrator unless the disclosure is precluded due to extraordinary circumstances beyond the Firm's control. In that case, it will disclose the information as soon as practicable.

Agreement

In each agreement with a Covered Plan, the Firm will describe the services it provides.

Compensation

The Firm must describe:

1. the direct and indirect compensation to be received by it and its affiliates and sub-advisors. Direct compensation means "compensation" (i.e., anything of monetary value, such as money, gifts, awards, and trips, but excluding non-monetary items of $250 or less received during the term of the contract or arrangement) that is received directly from a plan. Indirect compensation is "compensation" that is received from any source other than the plan, the plan sponsor, the covered service provider, an affiliate of the service provider or a subcontractor of the service provider;
2. the manner of payment, e.g., whether it will bill the plan, deduct fees from plan accounts or reflect a charge against the plan investments; and
3. any compensation the Firm reasonably expects to receive in connection with termination of the contract (e.g., a surrender charge) and how prepaid amounts will be calculated and refunded upon termination of the contract (e.g., if the Firm charges in advance for a particular period, e.g., quarterly).

ERISA Reporting

With respect to plan clients to which the Firm provides investment management services, the Firm will comply or assist others, including plan sponsors, with complying with all applicable reporting obligations set forth in ERISA.

Each year, the plan sponsor and/or administrator will file an annual report with the US Department of Labor and the IRS on Form 5500. Such reports shall include, among other information, the value of the assets of its plan clients at the beginning and end

of the year and compensation earned directly and indirectly by the Firm in connection with the services it provided to the plan.

The Firm will use its best efforts to provide certain information, including information about its direct and indirect compensation received in its role as a service provider to the plan and plan participants, to the plan administrator so that the plan administrator is able to complete Schedule C of Form 5500. If the Firm provides a notice to plan participants containing certain information, the plan administrator may be able to file a simplified disclosure with the DOL and IRS. This may reduce the amount of information the Firm has to provide to the plan administrator.

Disclosure

If the Firm is subject to Rule 408(b), it must provide the following disclosure in writing to Covered Plans:

1. description of services to be provided;
2. status of the Firm (e.g., registered investment advisor, fiduciary, or both);
3. all direct compensation to be received (either in aggregate or by service);
4. all indirect compensation to be received (describing services and payor);
5. any related compensation if set on a transaction basis, or charged directly against a plan's investment and reflected in the net asset value of the investment;
6. any termination compensation, including how any prepaid amounts will be calculated and rebated; and
7. description of the way it receives the fees (e.g., billed or deducted).

Procedures

Prior to entering into an agreement with an ERISA account, the Firm will:

1. Review the plan documents;
2. Identify who is responsible for administering the plan;
3. Identify who is the plan's trustee and/or "named fiduciary;"
4. Verify that the plan official engaging the Firm has the requisite authority to engage the Firm for the proposed engagement; and
5. Identify all stated objectives and restrictions governing the plan account.

Due to the complicated regulations under ERISA and the Code, prior to rendering investment advice to an account governed by ERISA or the Code, the CCO will consult with appropriate counsel if necessary.

Books and Records

In its books and records, the Firm will maintain a list of all accounts governed by ERISA or tax-qualified under the Code along with a copy of plan documents, client

agreements, or other documentation describing the plan's objectives or the Firm's services.

Individual Retirement Accounts

An individual retirement account ("IRA") is not subject to ERISA unless it is part of a simplified employee pension plan (also known as a SEP-IRA) or SIMPLE-IRA. However, while IRAs are not covered by ERISA, they are tax-qualified under the Code and therefore subject to its requirements.

22. OPENING ACCOUNTS FOR SENIOR INVESTORS

Diminished Mental Capacity

A difficult issue is a client who appears to be suffering from diminished mental capacity. Diminished capacity describes a condition of an individual, not any particular outcome resulting from that condition. Elder abuse describes an action on the part of a trusted party that causes harm or risks harm to an elderly person or other vulnerable adult. People with diminished capacity are particularly vulnerable to elder abuse, including financial exploitation, because of impairments in memory, communication abilities, and judgment.

Though the definition may vary by state or regulatory body, the term "vulnerable adult" typically refers to someone who falls into any of the following categories:

- Is 62 years of age or older and has the functional, mental, or physical inability to care for himself or herself;
- Is incapacitated;
- Has a developmental disability;
- Is admitted to any adult care facility; or,
- Receives services from home health, hospice, or home care.

If a client's behavior suggests reduced capacity, it is important to take steps to protect the client, the Supervised Person, and the Firm. Relatives or estate beneficiaries may file a complaint or lawsuit if they believe the client was unable to understand what was occurring in their account.

There are several steps that may be taken to address the issue:

1. Contact the Trusted Contact Person, if applicable.
2. Discuss the situation with the Senior client and determine if family members should be contacted.
3. If applicable, raise the issue with the Senior client's family members and determine if the Senior client has given power of attorney to another person.
4. Document meetings, conversations, and other exchanges with relatives about the situation and store in the Senior client's file.
5. Document communications with the Senior client about investments.
6. As a final alternative, decide not to continue doing business with the Senior client. Supervised Persons are often reluctant to use this option, but if a client's choices are putting your business at risk, it may be the best thing to do.
7. Contact Compliance with questions about a proper course of action.

Only a doctor or a court may determine that an individual is suffering from diminished capacity. The only acceptable proof of diminished capacity is a signed note from a doctor written on a prescription pad, or a signed court order. If you receive this documentation, please forward a copy to Compliance.

Once a Supervised Person receives one of the above proofs that their client is suffering from diminished capacity, the Supervised Person may no longer take any action on the client's account, unless the client has previously established a durable power of attorney. If no durable power of attorney exists, the Supervised Person will need to wait for instruction from a court on how to proceed.

Escalating Issues Involving Senior Clients

A Supervised Person who suspects potential or ongoing senior financial exploitation is required to promptly document the relevant details and submit the documentation and background information to Compliance. In addition to Senior clients, this also applies to adult clients with a mental or physical disability that prevents them from being able to protect their own interests. Once Compliance is notified, an investigation will be conducted, and next steps will be outlined with the Supervised Person. This may include:

- Notifying the client as well as authorized parties not suspected of exploitation (including the trusted contact);
- Notifying the custodian of the financial exploitation concern and requesting that a temporary hold be placed on disbursements/transactions in from the client's account;
- Determining if the client has scheduled distributions that may be impacted by the temporary hold; or,
- Completing mandatory reporting to the client's state agency/governmental authority.

26. WRITTEN INFORMATION SECURITY POLICY ("WISP")

Vulnerability Scans Policy

This policy provides authorization for appropriate personnel to conduct audits that include vulnerability assessments and scans. The purpose of scans and assessments are to:

- Investigate possible security incidents.
- Confirm security of technical assets.
- Ensure that data is protected from unauthorized individuals.
- Ensure that assets are up to date on security.

All vulnerabilities with a CVSS score between 7.0-10.0 will be remedied as they are discovered, no later than 30 days after the scan was done. Any vulnerabilities with a CVSS score of 4.0-6.9 will be remedied no later than 90 days after the scan was done.

Patch Management Policy

Patches are done quarterly or as needed to address technical system and software vulnerabilities quickly and effectively to reduce the likelihood of a serious business impact arising.

Access Controls

Data access is determined by role-based controls. This is at the discretion of the executive leadership in conjunction with IT personnel. Users are required to use multifactor authentication ("**MFA**"), daily for access to data.

Multi-Factor Authentication

This policy requires that authorized users must validate their identity using two or more methods listed below:

- Something the user knows.
- Something the user has.
- Something the user is.
- Something the user does.
- Somewhere the user is.

MFA is required on all user accounts that have access to company data. MFA is required for any third-party application or software when available.

Virtual Client Meetings

The COVID-19 pandemic has resulted in a dramatic increase in the use of web-based video and audio conferencing ("WC") services by Supervised Persons.

Chat features offered by some WC providers also present compliance issues for Supervised Persons in meeting their books and records obligations under Rule 204-

2 of the Investment Advisers Act ("Books and Records Rule") or under their internal document preservation and other compliance policies.

WC Services Technology

WC services use software and hardware to permit Supervised Persons to connect and exchange live video, audio, and written content, through laptops, desktops, smart phones, and similar computerized devices. WC service providers, such as Zoom, LoopUp, Cisco WebEx, GoToMeeting, Slack and Skype, provide Supervised Persons with the software and hardware that enables such communications. WC software offers Supervised Persons various features, which vary across service providers, but typically include access controls (used by a host to manage participant access to a meeting), meeting recording, screen sharing and live chat.

Books and Records Retention Considerations

Some WC services offer chat features that may allow Supervised Persons and participants to send chat messages. Supervised Persons should ensure that they are considering the implications of this technology in light of their obligations under the Books and Records Rule and their compliance policies. The Firm will advise Supervised Persons not to use the chat feature on any WC service that the Firm does not have the ability to capture or require a Supervised Person to download a copy of the chat and send to Compliance.

Best Practices for WC Platforms

Irrespective of the platform utilized, the Firm requires Supervised Persons to evaluate the use of WC services and adopt reasonable measures to protect the security and privacy of WC communications. Below is a list of the Firm's best practices, compiled based on guidance from the FBI and IT experts, that can serve as points of reference:

1. **Run the Latest Version of WC Software.** WC service providers periodically release new versions of, and updates to, WC software that are intended to address security vulnerabilities, fix known bugs, or provide new features or functions (some of which may be useful in improving the security of the WC services). Updating to the latest version of software is critical to keeping in step with bad actors as they find new ways to hack or disrupt WC services.

2. **Configure the WC Software with Robust Security Controls.** Although specific features vary by service provider, WC software generally contains controls that give a meeting host substantial control over an invited participant's access to and use of the WC services. When Supervised Persons set up an account, consider establishing defaults that enhance the security of meetings and don't allow the default settings to be changed, such as:

A. *Use Unique Meeting IDs.* A meeting ID is one piece of information that is used to gain access to a particular meeting. In some WC

configurations, meeting IDs are associated with specific users rather than with specific meetings (so all meetings initiated by a user have the same meeting ID). To prevent unauthorized access by persons who received the meeting ID for a prior meeting held by the same host, configure the WC software to generate a unique meeting ID every time a new meeting is created.

B. *Require Passwords.* Some WC services may permit participant access to a meeting without a password. Require strong passwords for meeting access and do not allow passwords to be disabled by individual users.

C. *Use Multifactor Authentication*. If available, use multifactor authentication for the meeting host.

D. Use Meeting Access Controls. WC services allow the host to control participants' access to a WC meeting. Wherever feasible, hosts should leverage these controls to enhance meeting security as follows:

i. **Waiting Rooms.** Waiting rooms allow a host to virtually assemble participants before starting a meeting. Using this feature allows the host the opportunity to validate that only invited participants have joined the meeting before any information is shared.

ii. **Meeting Locks**. Meeting locks allow the host to restrict a participant's access to a meeting until the host has started the meeting and to prevent any new participants from joining a meeting after a meeting has started.

iii. **Other Tools.** Some WC services allow a host to mute specific participants or remove them altogether from a meeting. Hosts should be prepared to use those tools as necessary to protect the integrity of a meeting.

E. *Turn off Screen Sharing*. WC services allow participants to share their screens during a meeting. Consider disabling the screen sharing function for all participants except for the host unless it is required.

F. *Turn off Recording*. If a WC service allows a meeting to be recorded for playback, disable this feature. If a meeting needs to be recorded, to retain for purposes such as training, consider disabling the recording feature for all participants except for the host.

G. *Turn off Chat*. Many WC services permit participants to chat by live text. Disable this feature unless it is necessary for the meeting. If chat is enabled, it

should be configured so that only messaging among the host and all participants (versus private messaging between participants) is permitted, and the host can save and download the chat at the end for recordkeeping purposes.

3. **Use an Enterprise Solution with Sufficient Security Features**. WC vendors provide both personal (or "consumer") and enterprise versions of their software. Supervised Persons should use an enterprise solution that supports enough participants and provides the necessary functionality, including features designed to enhance security and privacy. Free or lower-cost consumer versions often lack a full set of security controls and embed advertising that increases the risk of a security breach and unauthorized collection of personal information.

4. **Claim and Manage Your Domain**. If a WC service allows, Supervised Persons should claim your organization's email address domain (such as @srz.com) when adding users to your WC services account. Users with the specified domain (e.g., your employees) will be prompted to join your WC services account and therefore held to the security and privacy configurations set at an enterprise level.

5. **Educate Personnel.** Supervised Persons should communicate to personnel about potential risks associated with WC services and best practices, including with respect to the controls discussed above. Supervised Persons should send updates and reminders to personnel, particularly if the risk may be elevated (e.g., reports of a pervasive hacking scheme).

Diligence on Vendors

The Firm conducts periodic due diligence reviews of its WC vendor, as for any other information technology vendors.

Monitoring Vendor Security and Privacy Issues.

The Firm monitors all threat communications and responses from its WC vendor and ensure that they are implementing the latest security and privacy measures.

APPENDIX A – DEFINITIONS

Qualified Client or Qualified Purchaser

1. A natural person who, or a company that, immediately after entering into the contract has at least $1,000,000 under the management of the Supervised Person.
2. A natural person who, or a company that, the Supervised Person entering into the contract (and any person acting on their behalf) reasonably believes, immediately prior to entering into the contract, either:
    a. Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than $2,000,000. For purposes of calculating a natural person's net worth:
        i. The person's primary residence must not be included as an asset;
        ii. Indebtedness secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time the investment advisory contract is entered into may not be included as a liability (except that if the amount of such indebtedness outstanding at the time of calculation exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability); and
        iii. Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the residence must be included as a liability; or
3. Is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(51)(A)) at the time the contract is entered into; or
4. A natural person who immediately prior to entering into the contract is:
    a. An executive officer, director, trustee, general partner, or person serving in a similar capacity, of the Supervised Person; or
    b. An employee of the Supervised person (other than an employee performing solely clerical, secretarial or administrative functions with regard to the Supervised Person) who, in connection with their regular functions or duties, participates in the investment activities of such Supervised Person, provided that such employee has been performing such functions and duties for or on behalf of the Supervised Person, or substantially similar functions or duties for or on behalf of another company for at least 12 months.