

# DISCLOSURE BROCHURE

THE INVESTMENT ADVISERS ACT OF 1940 RULE 203-1

Part 2A of Form ADV: Firm Brochure

# ANDINA

## CAPITAL MANAGEMENT

SEC File #: 801-80433  
Firm IARD/CRD #: 151762

Andina Capital Management, LLC

REGISTERED INVESTMENT ADVISOR

This Disclosure Brochure provides information about the qualifications and business practices of Andina Capital Management, LLC, which should be considered before becoming a client. You are welcome to contact us if you have any questions about the contents of this brochure – our contact information is listed to the right. Additional information about Andina Capital Management, LLC is also available on the SEC’s website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator. Furthermore, the term “registered investment advisor” is not intended to imply that Andina Capital Management, LLC has attained a certain level of skill or training.

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BROCHURE  
DATED

11  
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## MATERIAL CHANGES

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Below are the material changes to report. This Disclosure Brochure has been reviewed and is current as of the date indicated on the cover.

- “Who We Are” section has been updated to include Andina Family Offices and Andina Advisors
- Changes of ownership of Andina Capital Management, LLC
- “Fees and Compensation” section has been updated with changes to Planning and Portfolio Monitoring services and fees
- Removal of Performex® as an analytical and allocation tool.
- Replacement of Andina Hedged Growth Fund, LP with Andina Global Strategies Fund, LP
- Removal of Andina Global Research Fund, LP
- Change in compensation received by Andina for the Affiliated Funds
- Addition of entities under “Private Fund Affiliations”
- Address changes and additions

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## ADVISORY BUSINESS

### Who We Are?

**Andina Capital Management, LLC** (hereinafter referred to as “ACM,” “we,” “us” and “our”) is a registered investment advisor<sup>1</sup>, organized in 2009 as a Utah Limited Liability Company to offer wealth management services<sup>2</sup> designed to assist you, our client<sup>3</sup>, achieve the financial stability, security, and the financial independence you desire. ACM does business under to names, both provide Planning and Investment services: Andina Family Offices (AFO) and Andina Advisors (AA).

AFO and AA provide access to similar services as described in the “What We Do” section below, though generally, AFO relationships have investible assets above \$10 million, while AA have investible assets below \$10 million. The more assets a client has means potentially more complex planning and wealth management services are required. AFO relationships are generally managed by senior team members with more experience in complex financial planning issues.

### Our Mission

Our mission is to **serve our clients** by partnering with them to identify and realize the vision of their ideal future. We strive to enrich lives through objective advice, vision, and coordination. Our personalized services help families perpetuate their legacy and values through education and wealth stewardship principles.

As your advocate, we will do everything in our power to **keep you focused** on where you want to go, **offer advice** on how best to get there, and continually remind you of the importance of being **financially disciplined** in this worthy cause.

### Owners

The following persons own ACM:

Name	Title	Ownership %	CRD#
Eric S. Barlow	Managing Member	17.5%	2243431
J. Brett Belliston	Managing Member	17.5%	2402952
RMB Ventures, LLC	Managing Member	20%	n/a
TDWellington, LLC	Managing Member	20%	n/a
Casey M Monsen and Kara L Monsen Revocable Trust	Chief Operating Officer	10%	n/a

<sup>1</sup> The term “registered investment advisor” is not intended to imply that Andina Capital Management, LLC has attained a certain level of skill or training. It is used strictly to reference the fact that we are “Registered” as an “Investment Advisor” with the United States Securities & Exchange Commission – and “Notice Filed” with State Regulatory Agencies that have limited regulatory jurisdiction over our business practices.

<sup>2</sup> Andina Capital Management, LLC is a **fiduciary**, as defined within the meaning of the Employer Retirement Income Security Act of 1974 (“ERISA”) and/or as defined under the Internal Revenue Code of 1986 (the “Code”) for **any wealth management services provided to a client who is:** (i) a plan participant or beneficiary of a retirement plan subject to ERISA or as described under the Code; or, (ii) the beneficial owner of an Individual Retirement Account (“IRA”).

<sup>3</sup> A client could be high-net-worth individuals and their family members, a family office, a foundation or endowment, a charitable organization, a private investment fund, a corporation and/or small business, a trust, a guardianship, an estate, another fiduciary, a retirement plan, or any other type of entity to which we choose to give investment advice.

## Assets Under Management

We offer two (2) types of investment management: Portfolio Management and Portfolio Monitoring. All Portfolio Management accounts are managed on a discretionary basis – we do not manage accounts on a non-discretionary basis. Portfolio Monitoring accounts are managed by independent third-party money managers (“Independent Portfolio Managers”)<sup>4</sup> and we will evaluate their performance and suggest changes if they are not effectively meeting your investment needs.

**As of December 31, 2021, our assets under management totaled:**

Discretionary Managed Accounts	\$190,965,892
Non-Discretionary Accounts	\$270,216,741

## What We Do

We provide **financial solutions** that stress the importance of you making fiscally responsible decisions and disciplined economic choices. We help you manage the complexities that wealth creates using estate planning, risk management, investment, and tax planning strategies, and philanthropic giving, to preserve assets for **today’s needs, tomorrow’s dreams**, and a strategy to build a **lasting legacy** for future generations.

**The focus of all our investment advice begins with a plan** to identify your standards of living and quality of life expectations. We will accomplish this through an initial discovery meeting where we will review the financial documents you provide for discussion. Together questions will be asked, information shared, and an evaluation made as to whether we should move to the next step. During the meeting, we will:

- ❖ Learn about your core values and guiding principles
- ❖ Seek to understand your financial concerns and how you have been addressing them
- ❖ Discover your financial objectives and what success looks like for you
- ❖ Create an internal profile consisting of your concerns, objectives, relationships, values, interests, assets, professional advisors and process preferences

After the discovery meeting, should you choose to engage us for our wealth management services, we will begin the process of identifying your life goals (i.e., core values, family, monetary needs, future plans, etc.). The best advice we can offer is that success, achievement, and contentment in life have little to do with personal wealth but are instead related to your life goals. We will make every effort to embrace these life goals and develop economical solutions that reflect how **you** define true wealth.

Andina Capital Management, LLC’s planning services include:

- ❖ Estate, Financial and Tax Planning
- ❖ Business Succession Planning
- ❖ Employer Retirement Plans
- ❖ Investment Management

<sup>4</sup> Portfolio assets managed by Independent Portfolio Managers are not included in our “Regulatory Assets Under Management” calculation in our Form ADV Part 1A, Item 5.F **unless** we have discretionary authority to hire and fire Independent Portfolio Managers and reallocate your assets without your prior consent. Therefore, the discretionary and non-discretionary totals disclosed in this Disclosure Brochure may not always match what is reported in our ADV Part 1A.

## Estate, Financial & Tax Planning

Planning is one of the most important tools successful people use to bridge unexpected events, to create an extraordinary personal life, business career and the security needed in retirement years. However, such planning requires a lifetime commitment, not only from you but from us as well, your financial planner.

### Being Fiscally Responsible

Planning for your future, whether estate, financial, and/or tax planning, is being fiscally responsible. A well-designed plan is a step-by-step process intended to identify and clarify purpose, personal and family core values, needs, and priorities to align your financial decisions with your goals in all areas of your life and business. Planning includes:

1. Arriving at a series of decisions and action items based on current and future financial circumstances and defined goals and objectives.
2. Projecting the consequences of these decisions for you in the form of an economic plan – **a working blueprint**; and,
3. Implementing the protocols outlined in the plan to achieve the plan objectives.

Once complete, the plan, or working blueprint, becomes the benchmark that is used to help us evaluate where you are in achieving your financial goals, needs, and objectives.

### Estate, Financial & Tax Planning Components

All forms of planning are a mutually defined review, analysis and evaluation of your personal financial needs and goals. In general, planning may encompass one or more of the following areas of financial need as communicated by you:

- ❖ Identification and clarification of personal and family core values, mission, vision, and goals.
- ❖ Preparation of the financial plan, which encompasses your:
  - Current financial situation.
  - Liquidity and asset preservation needs.
  - Wealth accumulation and growth.
  - Wealth distribution and transfer.
- ❖ Planning may also include, but is not limited to, the following modules:
  - Financial Statements – Cash Flow and Balance Sheet
  - Savings and Emergency Reserves
  - Asset Allocation and Investment Portfolio Analysis
  - Income Tax planning in collaboration with your tax advisor
  - Asset protection and Risk Management
  - Insurance Analysis
  - Retirement and Income Analysis
  - Long-Term Healthcare
  - Philanthropic Planning
  - Estate and Family Legacy Planning
  - Business Management and Succession Planning
- ❖ Deliverables can include:
  - Outlining recommendations, strategies, solutions, and resources.
  - Prioritizing and implementing the written action plan.
  - Creation and implementation of a customized investment strategy tailored to your long-term investment goals through investment consultations. This will include:
    - A written Investment Policy Statement (“IPS”)
    - Access to our open-architecture platform with a variety of investment management solutions.
  - Facilitation of meetings with you and you current advisors and specialists within our professional network
  - Coordination and facilitation of meetings with family members, business associates, partners or other key individuals to assist with implementing your action plan.

### **Estate, Financial & Tax Plan Process**

In the development of your unique plan, we will follow the **six (6) step Financial Planning Practice Standards** process established by the Certified Financial Planner Board of Standards, Inc. These steps are defined as follows:

#### **Step 1: Establish and define the client-planner relationship.**

The first step is to conduct an introductory discovery meeting. During this meeting, we will learn about each other and whether we can work together to achieve your financial objectives. We will listen as you share your needs, concerns, priorities, and what success looks like for you. We will in-turn, share how we can help you meet your stated personal and financial objectives, and the responsibilities we have as a fiduciary to guide you on this journey. In the end, we will explain the cost of completing the desired financial planning service for you to decide whether you want to move forward with the next step in the planning process.

#### **Step 2: Gather client data identifying both financial and personal goals and objectives.**

In the second step of the planning process, we will learn more about you and what you want to achieve. This is accomplished through personal interviews and questionnaires<sup>5</sup>, which are designed to address your unique financial planning needs. You will have the opportunity to prioritize objectives and to remove from the process any areas that do not apply to your circumstances. **The time we invest listening and catering to your wants and needs is critical for developing a strong financial planning foundation.**

#### **Step 3: Analyze and evaluate client financial status.**

In this third step, we analyze the information you provide to determine your current financial situation and what you should do to meet your goals. Depending on the services you request, this might include analyzing: (i) your assets, liabilities and cash flow; (ii) your current insurance coverage and investments; and (iii) your tax strategies and estate planning documents.

#### **Step 4: Develop and present financial planning recommendations and/or alternatives.**

Once the analysis has been completed, we will begin formal documentation of your goals and objectives. We will define the plan as a road map (a series of blueprints) designed to take you from where you currently are financially, to where you want to be at some point in the future. This is the **creative portion** of the process. There are usually several ways to accomplish a given goal. The objective, however, is to integrate financial instruments into a plan that you will be comfortable executing. In some cases, the drafting of the plan reveals the need for us to help you reconcile the gap between your expectations and your financial realities. Once a viable plan has been drafted, it is presented to you and reviewed. The draft and review process may be repeated until you are satisfied with the financial plan.

**Step 4 completes the planning process.** There will be additional costs for you to implement and monitor your plan as outlined under steps 5 and 6. You have the choice to allow us to implement your financial, tax & estate plan or **you can use another outside professional.**

#### **Step 5: Implement the planning recommendations.**

**An estate, financial and/or tax plan is of limited value if it is not put into action.** Accordingly, we assist you in implementing<sup>6</sup> the plan. The action plan schedule provides you with a list of tasks and deadlines designed to ensure that **you put your plan into action.** The following are some examples of implementation:

- ❖ Drafting of appropriate estate documents (performed in conjunction with an estate attorney).
- ❖ Purchasing of various insurance policies (provided by our licensed insurance agents or another independent agent of your choice).

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<sup>5</sup> The information we gather from you through personal interviews and questionnaires is vital for us to effectively advise you on your unique financial needs and help you plan for your future. Electing to dismiss certain requested documents or respond to questions with limited input can put us at a disadvantage and handicap our ability to successfully meet your financial expectations. Therefore, if you want the best advice we can offer in designing a financial plan or with any portfolio management, you should make every effort to provide us with detailed personal information and be as accurate with your responses as you possibly can.

<sup>6</sup> Implementing the recommendations made in an estate, financial and/or tax plan often requires consultation or coordination with one or more outside professionals (e.g. attorneys, CPAs, insurance agents, and securities representatives). All personal and private information received from you will be kept entirely confidential, not only by us, but by the outside professionals as well. Your confidential information will be disclosed to third parties only with your consent or as may be permitted or required by law.

- ❖ Providing Investment advisory services that will include preparation of an IPS and implementation of your asset allocation strategy (performed by us, or another investment adviser/broker-dealer of your choice).
- ❖ Adopting and monitoring a personal budget.
- ❖ Ongoing income tax planning (prepared by an independent Certified Public Accountant or tax accountant of your choice).

**Step 6: Monitor the planning recommendations.**

Once the plan has been built and the recommendations have been implemented it is critical that these recommendations be monitored on a continuing basis to ensure that they remain consistent with your financial parameters. **Material changes in your personal circumstances, the general economy, changes in the way you want your investments allocated, or tax law changes are some of the reasons why the recommendations should be reviewed periodically and possibly adjusted.** Continued monitoring of established personal budgets and the continued effects of taxation on the plan are assessed regularly at your option per an Annual Review.

For information on our fees for preparing a financial plan, see “Estate, Financial & Tax Planning Fee” under Item 5 - “Fees & Compensation.”

### **Business Succession Planning**

You have diligently and tirelessly grown your business, achieved great success while helping customers, employees, vendors, and others to be successful. Addressing the sale or transfer of your business should start several years before you intend to carry out the transaction. Proper planning allows you to explore the multiple options that are available and prepare your business to provide the ultimate payout. ACM can help obtain a formal business valuation and develop a business pitch-deck; these will provide you with valuable information regarding your business and will assist a potential buyer to understand your business. We guide you in building the necessary team to assist in the process; CPAs, attorneys with mergers and acquisition experience and investment bankers or business brokers. Proper planning and knowledge will help you negotiate the best terms of the sale of your business. It is not just about getting the highest sale price; many factors must be considered to optimize this transaction for you.

### **Employer Retirement Plans**

ACM provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. In providing services for retirement plan consulting, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, “Excluded Assets”). All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). If the client accounts are part of a Plan, and our firm accepts appointment to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

### **Investment Management Services**

Moving forward from the financial planning sessions, if you engage us for investment management services, we will design a portfolio allocation strategy, that will include preparation of an IPS, and will be based on your unique investment parameters and risk tolerance levels.



### **Portfolio Management**

Our portfolio management strategies focus on designing an overall portfolio to achieve your investment goals<sup>7</sup>. Depending on your eligibility and needs, we offer a diversified allocation, including but not limited to, Equities (for example, ETFs/ETNs and stocks), Fixed Income, Structured Notes, Investment Company products (“mutual funds”), Independent Portfolio Managers (see “Portfolio Monitoring” below) and Andina Branded or Affiliated Funds (including Private Real Estate, Private Equity and Private Credit).

ACM manages Andina Branded Funds and has an active role in the investment committees of the Affiliated Funds. Our responsibility to you in recommending Andina Branded Funds or Affiliated Funds will be to:

- ❖ Recommend only investment strategies that fit your management criteria and risk tolerance level while ensuring you meet the minimum requirements of the investment.
- ❖ Suggest changes, if necessary, as market factors and your personal goals dictate.
- ❖ Handle all administrative and clerical duties as may be required by the Andina Branded and Affiliated Funds to service your account, though they will provide you updated information, statements and other correspondence directly.

### **Portfolio Monitoring**

Any Independent Portfolio Managers we may recommend to manage a portion of your portfolio will implement an investment strategy that correlates best with your investment parameters. Under the arrangements with Independent Portfolio Managers, we are **not involved in the day-to-day management of your portfolio assets**. Our responsibility to both you and the Independent Portfolio Manager we direct to manage your account will be to:

- ❖ Recommend only Independent Portfolio Managers whose investment strategies fit your management criteria and risk tolerance level while ensuring you meet the minimum requirements of the Independent Portfolio Manager to open an account.
- ❖ Evaluate the Independent Portfolio Manager’s investment returns and performance expectations.
- ❖ Suggest changes in an Independent Portfolio Manager, if necessary, as market factors and your personal goals dictate.
- ❖ Handle all administrative and clerical duties as required by the Independent Portfolio Manager to service your account since they will have little or no direct contact with you.

Additional information about the Investment Management Fees can be found under “Investment Management Services Fees” in Item 5 - “**Fees & Compensation**”. How we evaluate Independent Portfolio Managers is discussed in “Analysis of Independent Portfolio Managers” under Item 8 - “**Methods of Analysis, Investment Strategies & Risk of Loss**”. Private Funds, including conflicts of interest and strategy descriptions are discussed in under Item 10 – “**Other Financial Industry Activities & Affiliations**” and “Pooled Investment Vehicle Compensation” under Item 14 – “**Client Referrals & Other Compensation**”

### **Consolidated Reporting**

Consolidated Reporting is a delivery system whereby statements and other data from multiple sources (i.e., brokerage, IRA, variable annuity accounts, managed accounts, etc.) are collected and consolidated into a single quarterly report for your review and consideration. You would be responsible for supplying direct access to all valuation statements or providing the values for the accounts on a monthly basis.

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<sup>7</sup> You may, at any time, impose restrictions in writing on the securities we may recommend (i.e., limit the types/amounts of a particular security purchased for your account, etc.).

## FEES & COMPENSATION

### Estate, Financial & Tax Planning Fee

#### Discovery Meeting

Before our discovery meeting, we will request you bring financial documents for us to review and discuss. The objectives we strive to accomplish with you during this meeting are to:

- ❖ Diagnose your current financial need.
- ❖ Address your financial concerns and answer your questions on how we can assist you.
- ❖ Recommend financial resolutions aimed at lowering costs, reducing risks, increasing expected returns, and/or increasing tax efficiency to improve the likelihood of successfully achieving your goal; and,
- ❖ Explain the benefits of financial planning and how a comprehensive evaluation of wealth management needs is beneficial beyond just managing your investable assets.

We do not charge a fee for the initial discovery meeting; we believe our years of experience and knowledge sells itself. If, however, you wish no further interaction with us, you will be responsible for implementing any recommendations coming out of the discovery meeting. Once this meeting is over, our financial collaboration will be concluded, and we are not responsible for implementing any further advice or for any on-going supervision, monitoring, and/or reporting.

#### Comprehensive Planning

We have two payment options for our Comprehensive Planning:

1. An upfront, negotiated flat fee, from \$500 to \$200,000<sup>8</sup>. OR
2. An ongoing, negotiated fee, at a maximum of 0.50% annually (charged quarterly, in advance) on all assets under management, including those that fall under Portfolio Management and Portfolio Monitoring, Andina Branded Funds and Andina Affiliated Funds (see “Investment Management Services” under Item 4 – “**Advisory Business**”). This option is only available if the minimum account of \$250,000 is opened, unless otherwise negotiated.

The fee will be fully disclosed in the agreement at the time of signing. This fee will include the cost to review your financial information and prepare a comprehensive financial plan.

#### Modular Plans

If you desire only modular planning - just one or a few of the items listed under “Estate, Financial & Tax Planning Components” the minimum fee will be \$1,000. All additional fees will be predetermined in consultation with you and presented in a written proposal or engagement letter, with a completely itemized list of the core area(s) of focus.

#### Annual Reviews

It is important to note that **planning is dynamic – never static**. Therefore, it must be periodically re-evaluated. A financial plan is a roadmap that is only as good as how well it reflects your current financial position to then guide you on a clear path to a future financial situation. Whether you are a planning client and/or Investment Management client, annual reviews are designed to systematically identify and address any changing circumstances in your life and to keep you on the right road towards your future financial destination.

<sup>8</sup> Rarely will a fee exceed those costs outlined in the Agreement. However, there can be instances where we did not contract with you to perform a particular task and therefore, we will notify you of the additional cost prior to beginning such services.

Once the initial comprehensive financial planning services have been completed, we will establish future “Annual Review” dates for your future reviews. The Annual Reviews generally occur after the first anniversary though they may consist of two or three visits during the calendar year.

### **Annual Review Fee**

If the Comprehensive Planning fee chosen was the upfront, negotiated flat fee, the Annual Review Fee will be based on the needs and objectives, determined over the 12-month period preceding the Annual Review date and any other information collected at the Annual Review. This fee will be documented prior to it becoming payable. It will be billed and payable no earlier than 12 months after the original agreement has been signed. Significant changes in your life circumstances since the date of your previously prepared plan could result in a higher than expected fee. We reserve the option to waive our annual review flat fee if we are currently managing your investments. All fees will be agreed upon prior to invoicing.

If the ongoing, negotiated fee, at a maximum of 0.50% annually on all assets under management was chosen, the annual review fee is already included and will not be billed separately.

### **Termination of Comprehensive or Modular Planning**

You can terminate the agreement, in writing, at any time prior to the presentation of any final planning documents. If the Comprehensive Planning fee chosen was the upfront, negotiated flat fee, we will bill you at an hourly rate of \$500 for the time spent in the design of such financial documents (minimum 2 hours or \$1,000) through the date of termination. All fees collected in excess of \$1,000 or those billed for the time spent if more than \$1000 will be returned to you. Once the financial plan has been completed and presented to you, termination of the Financial Planning Agreement is no longer an option.

If the Comprehensive Planning fee chosen was the ongoing, negotiated fee, at a maximum of 0.50% annually on all assets under management, that fee will cease to be charged as of the first day of the quarter following written notice (January 1, April 1, July 1 or October 1). No fees will be returned.

### **Investment Management Services Fees**

Investment Management Services are provided on an asset-based fee arrangement (“asset management fee”). The asset management fee will be calculated at a maximum rate of 2.00% annually, in advance based on the quarter ending market value of your Portfolio Management account(s), your Portfolio Monitoring account(s) and Affiliated Funds, excluding any Andina Branded Funds<sup>9</sup> (hereinafter referred to as your “Billable Portfolio”).

ACM has identified a number of investments to provide an alternative to holding cash for shorter periods of time, affording the opportunity to earn yield over that of just holding cash. If your Billable Portfolio includes cash management account(s) with no other Portfolio Management or Portfolio Monitoring investments therein, they will be charged a Short-Term Cash Asset Management fee of 0.20% annually, calculated in advance based on the quarter ending market value of each Short-Term Cash Management account.

Asset and Short-Term Cash Management Fees will be calculated by taking the applicable annual rate divided by the numbers of days in the year, multiplied by the number of days in the upcoming quarter (i.e.,  $\text{Annual Rate}\% / 365 * 90$  days in the 1<sup>st</sup> quarter).

Andina Branded Funds pay ACM a management fee up to maximum of 1.25% annually. Their general partner is Andina Partners, LLC, a Utah limited liability company organized in May 2012. See the applicable Confidential Private Placement Memorandum (“PPM”) for more details. See also “Potential Conflicts Working with Affiliated Entities” in Item 10 – “**Other Financial Industry Activities & Affiliations**”. No asset management fee will be charged on these investments.

<sup>9</sup> Currently the Andina Branded Funds are the Andina Global Strategies Fund, LP and the Andina Private Credit Strategies, LP and the Copperstone Multi-Series IDF, LP. Currently the applicable Andina Affiliated Funds are those managed by Mercatus Partners, LLC, and K Fund Capital Management, LLC

The Andina Affiliated funds charge a 2% management fee on committed capital, and a performance fee after limited partners receive a preferred return (these terms are fully described in the applicable Private Placement Memorandum (“PPM”). Brett Belliston and Eric Barlow receive a proportionate share of the performance fees, based on their ownership in the applicable Andina Affiliated Funds, which ranges from 25.0% to 33.3% each. See also “Potential Conflicts Working with Affiliated Entities” in Item 10 – **“Other Financial Industry Activities & Affiliations”**.

We generally require a minimum initial investment of \$50,000 to open a managed account; however, we retain the right to waive or reduce this minimum if we feel circumstances are warranted

### **Protocols for Investment Management Services**

The following protocols establish how we handle your Portfolio Management and Portfolio Monitoring accounts and what you should expect when it comes to (i) managing your account; (ii) your bill for investment services; (iii) deposits and withdrawing funds from your account(s); and (iv) other fees charged to your account(s).

#### **Discretion**

We will establish discretionary trading authority on all Portfolio Management accounts to execute securities transactions without your prior consent or advice. However, you may, at any time, impose restrictions, in writing, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, etc.).

#### **Billing, Deposits and Withdrawals**

Asset management fees for Portfolio Management accounts will be deducted first from any money market funds or cash balances of the account on which the fees were calculated. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees.

Asset management fees for Portfolio Monitoring accounts will be deducted from the cash management account, first from any cash balances or money market funds of the account. If such assets are insufficient to satisfy payment of such fees, a portion of the cash account or other account assets will be liquidated to cover the fees.

For new Portfolio Management accounts and Portfolio Monitoring accounts opened in mid-quarter or for additional investments made mid-quarter, our fee will be based on a pro-rated calculation of your assets to be managed for the current calendar quarter.

For assets you may withdraw during the quarter, we make pro-rated refunds of our quarterly asset management fee. Those refunds will first be applied as an adjustment to any outstanding fees payable and second returned to the account from which they were originally withdrawn.

#### **Fee Exclusions: Custodians**

The above fees for our Investment Management Services are exclusive of any charges imposed by the custodial firm who has custody of your account; including, but not limited to: (i) any Exchange/SEC fees; (ii) certain transfer taxes; (iii) service or portfolio account charges, such as, postage/handling fees, electronic fund and wire transfer fees, auction fees, debit balances, margin interest, certain odd-lot differentials, and mutual fund short-term redemption fees; and (iv) brokerage and execution costs associated with securities held in your managed account. There can also be other fees charged to your account that are unaffiliated with our management services.

#### **Fee Exclusions: Mutual Funds and ETFs/ETNs**

In addition, all fees paid to us for Investment Management services are separate from any fees and expenses charged on mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expense, such as 12b-1 fees. Redemption fees, account fees, purchase fees, contingent deferred sales charges, and other sales load charges may occur but are the exception within managed portfolio accounts at institutional custodians. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund’s prospectus. You are encouraged to carefully read the fund prospectus.

### **Fee Exclusions: Portfolio Monitoring Accounts**

**Portfolio Manager Platform** – Account assets maintained with the Independent Portfolio Manager under their master account with their custodial firm will generally handle the billing associated with their investments. Our asset management fee will be charged in addition to their fees. In some cases, the Portfolio Manager will share a portion of their management fee with us, paying ACM directly. In those cases, we will not charge our asset management fee.

**Separately Managed Accounts** – Under a Separately Managed Account (“SMA”) arrangement, the Independent Portfolio Manager will be given access to your account maintained under our master account with our custodial firm to manage the agreed upon portion of your assets. The Independent Portfolio Manager will collect their own management fee. Our asset management fee will be charged in addition to their fees.

**Independent Portfolio Managers:** For Independent Portfolio Managers who are not managing your portfolio under their portfolio platform or an SMA arrangement, you will want to consult that Independent Portfolio Manager’s Disclosure Brochure for their policies on how they will handle your account; such as, billing, deposits and withdrawals, fee exclusions, termination, and any other unique advisory costs associated with their service since we do not take discretion over the management of your account. We will discuss these arrangements with you when we go to open your account with an Independent Portfolio Manager; however, **you are still encouraged to read their terms on your own.** Our asset management fee will be charged in addition to their fees.

All Portfolio Managers that fall within the Portfolio Monitoring category will have their own fee schedules disclosed in their Disclosure Brochures (the Portfolio Manager’s ADV Part 2A: Firm Brochure or Part 2A Appendix 1: Wrap Fee Program Brochure), **which we will provide you prior to, or at the same time as, opening an account.**

For more information on the custodial firm that we will recommend to custody your portfolio accounts, see Item 12 - “**Brokerage Practices.**”

### **Termination of Investment Management Services**

Either party (you or us) may terminate our Investment Management Services by written notification to the other party at any time, thereby terminating the Investment Management Services Agreement. Such written notification should include the date the termination will go into effect along with any final instructions on the account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity).

In the event termination does not fall on the last day of a calendar quarter, you shall be entitled to a pro-rated refund of the prepaid quarterly asset management fee based upon the number of days remaining in the quarter after the termination notice goes into effect. Once the termination of Investment Management Services has been implemented, neither party has any obligation to the other – we no longer earn asset management fees or give investment advice and you become responsible for making your own investment decisions.

### **Consolidated Reporting Fee**

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Consolidated Reporting is a delivery system whereby statements and other data from multiple sources are collected and consolidated into a single quarterly report for your review and consideration.

This service is included in the asset management fee for your Billable Portfolio. However, if you desire to include other accounts/investments not included in your Billable Portfolio on your quarterly reports, each account will be charged a Consolidated Reporting Fee of 0.15% annually based on its reported quarter ending market value.

We also offer Consolidated Reporting for your entire portfolio independent of Investment Management Services, allowing you to retain your current advisor relationships, but receive comprehensive portfolio information. Each account included will be charged a Consolidated Reporting Fee of 0.15% annually based on its reported quarter ending market value.

## PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

ITEM 6

The Managing Members of ACM, Eric S. Barlow and J. Brett Belliston, serve as investment committee members and non-managing partners of several Affiliated Funds.

The fee structure for some of the Affiliated Funds includes a performance-based component. For you to participate in those that charge a performance fee you must be defined by at least one as follows:

1. A “**qualified client**” as defined in Rule 205-3 under the 1940 Investment Adviser Act;
2. A “**qualified purchaser**” under Section 2(a)(51) of the 1940 Investment Company Act.

If you do not meet either of these qualifications, **you are disqualified** from investing in those private funds with a performance fee. However, should it be determined that you do fit the criteria to invest in one or more of the investment funds, and you express interest to invest, a Confidential Private Placement Memorandum (“PPM”) will be provided. This PPM discloses all possibilities for conflicts of interest and inherent risks, which are necessary for you to make an informed decision.

You are under no obligation to invest in any of the private investment funds. However, if you do choose to invest, you also have the right to rescind your subscription and receive a full refund of your investment within three (3) business days after entering into a Subscription Agreement.

For more information on these Funds, please see “Financial Industry Affiliation”, including subsections “Potential Time Management Conflict” and “Potential Conflicts Working with Affiliated Entities” under Item 10 below - “**Financial Industry Activities & Affiliations**”.

## TYPES OF CLIENTS

ITEM 7

The types of clients we offer advisory services to are described above under “Who We Are” in Item 4, - the “Advisory Business” section. Our minimum account size for portfolio management is disclosed above under “Investment Management Services Fee” in Item 5 above - the “**Fees & Compensation**” section of this Brochure.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

ITEM 8

Our Investment Management Services are designed to build long-term wealth in your portfolio while attempting to preserve capital and mitigate risk through diversifying investment types and asset classes. Some diversification elements included in individual models are stocks, bonds, and/or, ETFs/ETNs and/or mutual funds. Those models could include multiple asset classes, such as fixed income, domestic and international equities. Diversification can also be achieved by adding different investment product types which can include Andina Branded Funds, Andina Affiliated Funds, and Independent Portfolio Managers, each with their own objective and asset class focus.

### Methods of Analysis

In analyzing any element to include in your portfolio, we use a combination of analytical techniques to gather information and to guide us in our allocation decisions.

#### **Fundamental Analysis**

Fundamental analysis considers efficiency ratios, growth rates, enterprise value, economic conditions, earnings, cash flow, book value projections, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, general level of interest rates, company management, debt ratios, and tax benefits. Fundamental analysis provides us with a broad *long-term* view of a security that begins with determining a company’s value and the strength of its financials.

**RISKS** – Fundamental analysis places greater value on the long-term financial structure and health of a company, which may have little to no bearing on what is happening in the marketplace. Investing in companies with sound financial data/strength and a history of healthy returns can be a good long-term investment to hold in your portfolio;



however, such fundamental data does not always correlate to the trading value of the stock on the exchanges. In the short-term, the stock can decrease in value as investors trade in other market sectors.

### **Technical Analysis**

Technical analysis utilizes current and historical pricing information to help us identify trends in the broader domestic and foreign equity and fixed income markets, and in the underlying asset themselves. This may involve the use of various technical indicators, such as moving averages and trend-lines, among others. Technical analysis is *short-term* focusing on the statistics generated by market activity.

**RISKS**— Technical analysis is charting the historical market data of a stock, taking into consideration current market conditions, to forecast the direction of a future stock price rather than using fundamental tools for evaluating a company's financial strength. Technical analysis focuses on the price movement of a security trading in the marketplace. This is an ideal tool for short-term investing in identifying ideal market entry/exit points. However, no market indicator is absolutely reliable, and your investment portfolio can underperform in the short-term should the market indicators be incorrect.

### **Cyclical Analysis**

Cyclical analysis is the statistical analysis of specific events occurring at a sufficient number of relatively predictable intervals that they can be forecasted into the future. Cyclical analysis asserts that cyclical forces drive price movements in the financial markets.

**RISKS**— Cycles may invert or disappear and there is no expectation that this type of analysis will pinpoint turning points and should be used in conjunction with other methods of analysis.

### **Analysis of Independent Portfolio Managers**

Independent Portfolio Managers are used in our Portfolio Monitoring services as well as within our Andina Affiliated Funds. By using Independent Portfolio Managers, we shift the focus of our selection from Fundamental and Technical Analysis to balancing investment return and risk shown by each Independent Portfolio Manager. Using these independent portfolio managers also enables us to spread risk among broader asset classes and strategies outside ACM's internal experience or capacity.

The specific methods of analysis and risk management of each Independent Portfolio Manager's strategy will be handled at the discretion of that Independent Portfolio Manager.

Our analysis of new Independent Portfolio Managers includes a due diligence process, summarized below<sup>10</sup>. We do not move onto the next step in the process unless the requirements of the previous steps have been met.

1. We do a high-level review of the strategy, length of history, track record and geographical focus. The Independent Portfolio Manager's investment performance should show a competitive advantage relative to their peer group in both up and down markets. We need to determine at the outset if it will add anything to what we already do<sup>11</sup>.
2. We send a preliminary screening questionnaire and request the most current performance history, fact sheet and marketing materials. This questionnaire was designed to summarize their strategy and address any minimum requirements needed to proceed with any more due diligence. Some of those criteria are experience of main trading manager(s), stability of strategy, lockups, minimum investment requirements, redemption policies, use of leverage, types and locations of investments, timing of K1s and audits.
3. The Investment Committee reviews the questionnaire, and a member will proceed with a preliminary conversation with the Independent Portfolio Manager.
4. We perform background checks on key personnel and the business entity.
5. We hire a reputable outside researcher to delve deeper into this short-listed Independent Portfolio Manager to eliminate any biases we may have developed during our initial review and to ensure we have engaged someone whose primary focus is on the manager with the expertise to review all facets of their business,

<sup>10</sup> If you would like more detailed information on our Due Diligence process, please request a copy of "Phases of Due Diligence" document.

<sup>11</sup> Note that in cases where we have had a long-term business/investment relationship with an Independence Portfolio Managers the due diligence process will be truncated to include just a strategy review and investment terms to ensure the strategy will add benefit to any portfolio.

including staff and infrastructure, ability to support growth etc.

6. We review our researchers report (or address any concerns that may arise during their process) and delve further into any negatives they may have found, or we may have identified upon review of their report.
7. We put the Independent Portfolio Manager on a qualified approval phase which includes only a small initial investment into the strategy.
  - ❖ This process gives us the opportunity to build a relationship with the manager, their support entities, confirm that the valuation statements are provided as promised – both method and timing, see firsthand how the fund performs, determine accessibility to the inside people and how often they communicate with us, their investors.
  - ❖ We do an onsite visit (either in person or via remote meeting)
8. We decide whether the Independent Portfolio Manager qualifies for unrestricted use, or we fire them.
9. We do ongoing reviews of the approved Independent Portfolio Manager to monitor for style drift, under or unexpected performance returns, manager changes, operation changes, etc. We do this through regular internal and Independent Portfolio Manager meetings, document reviews (statements, letters, spec sheets, audits, etc.).

**RISKS**—Independent Portfolio Manager vehicles are more complex than direct investing. In addition, they have their own fee structures, which adds a layer of fees on top of our asset management fee. There can be other risks associated with their structure such as, but not limited to, the unknown underlying investments, unexpected tax consequences, liquidity risk, risk of unidentified style drift.

### **Investment Strategies**

We are not bound to any specific investment strategy or ideology for the management of your portfolio; we recommend your investment(s) based on your tolerance to risk and other mutually agreed upon factors.

Though not all investment strategies offered through our Investment Management Services are available to every client, our goal with the investing strategy we propose will be to best match your risk tolerance with providing diversification required to manage overall risk. We will attempt to balance earning money with a disciplined management approach (regardless of strategy) without sacrificing long-term goals for short-term gains. Our investing strategies may incorporate one, both, or none of these methodologies:

### **Asset Allocation**

Asset Allocation is a broad term used to define the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk. From this, we may use more narrow and aggressive Asset Allocation derivatives.

### **Risk of Loss**

A large risk to you is the risk that the value of your investment portfolio will decrease due to moves in the market. This risk is referred to as the **market risk** factor, also known as variability or volatility risk. Other important risk factors:

- ❖ **Interest Rate Risk** – Interest rate risk affects the value of bonds more than stocks. Essentially, when the interest rate on a bond begins to rise, the value (bond price) begins to drop; and vice versa, when interest rates on a bond fall, the bond value rises.
- ❖ **Equity Risk** – Equity risk is the risk that the value of your stocks will depreciate due to stock market dynamics causing one to lose money.
- ❖ **Currency Risk** – Currency risk is the risk that arises from the change in price of one currency against that of another. Investment values in international securities can be affected by changes in exchange rates.
- ❖ **Inflation Risk** – The reduction of purchasing power of investments over time.
- ❖ **Commodity Risk** – Commodity risk refers to the uncertainties of future market values and the size of future income caused by the fluctuation in the prices of commodities (i.e., grains, metals, food, electricity, etc).
- ❖ **Liquidity Risk**—Liquidity Risk refers to the risk of being unable to quickly sell an asset due to private market factors or other economic factors affecting asset liquidity. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly).



The risk factors we have cited here are not intended to be an exhaustive list but are the most common risks your portfolio will encounter. Other risks that we have not defined could be political, economic, strategy related, over-concentration, to name a few.

Notwithstanding these risk factors, the most important thing for you to understand is that regardless of how we analyze securities, investment strategies, Independent Portfolio Managers, Private Investments etc. and how we use the methodology guiding us in the management of your investment portfolio, **investing involves a risk of loss that you should be willing and prepared to bear. Furthermore, past market performance is no guarantee that you will see equal or better future returns on your investment.**

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## DISCIPLINARY INFORMATION

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We have no legal or disciplinary events to report.

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## OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

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### Financial Industry Affiliations

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The Managing Members of ACM, Eric S. Barlow and J. Brett Belliston, are principal executive officers and Investment Committee Members to several private funds in addition to serving as the Managing Members of this company, Andina Capital Management, LLC.

Mr. Barlow and Mr. Belliston in one or more companies may: (i) be a member on the Board of Directors and/or an officer or partner in which they have other managerial duties; (ii) a member of the Investment Committee; (iii) act simply as a passive shareholder; and/or (iv) provide additional services as a representative of that entity. These personal business interests are separate and distinct from the operations of ACM, including certain advising and consulting activities that are beyond the scope of services we provide. Those private funds that Mr. Barlow and Mr. Belliston are involved in are listed as follows:

- ❖ Andina Partners, LLC – Andina Partners is a Delaware Limited Liability Company organized to act as the General Partner with responsibility for operational management oversight and control over the affairs of Andina Global Strategies Fund, LP and Andina Private Credit Strategies, LP . Andina Partners is wholly owned by two separate entities that are in turn owned by Mr. Barlow and Mr. Belliston. Through these entities, Mr. Barlow and Mr. Belliston, serve as the Managing Members of Andina Partners.
- ❖ Andina Family Offices, LLC - Andina Family Offices is wholly owned by two separate entities that are in turn owned by Mr. Barlow and Mr. Belliston. AFO is not involved in any investment management activities on behalf of clients.
- ❖ Andina Management Corp – Andina Management Corp is wholly owned by two separate entities that are in turn owned by Mr. Barlow and Mr. Belliston. AMC is not involved in any investment management activities on behalf of clients.
- ❖ Blue Field Income I GP, LLC – Blue Field Income I GP is a Utah Limited Liability Company organized to act as the General Partner with responsibility for operational management oversight and control over the affairs of Blue Field Income Fund I, LP, Blue Field Legacy Fund, LP, Blue Field Development Fund I, LP, and Blue Field Senior Fund, LP, Blue Field VI Opportunity Fund, LP, Blue Field NWQ Phase 1, LP, Blue Field NWQ Phase 1a OZ, LP, Blue Field OZ, LP. Mr. Barlow, Mr. Belliston, Mr. Justin VandenAkker and Mr. Karl Israelson each have a 25% ownership in the Blue Field Income I GP, LLC.
- ❖ K Fund Capital Management, LLC – K Fund Capital Management is a Delaware Limited Liability Company organized to act as the General Partner with responsibility for operational management oversight and control over the affairs of The K Fund, LP and The K Fund II, LP. Mr. Barlow, Mr. Belliston and Mr. Gary Post each have a 33% ownership in the K Fund Capital Management, LLC.
- ❖ Mercatus Partners, LLC - Mercatus Partners, LLC is a Utah limited Liability Company organized to act as the General Partner with responsibility for operational management oversight and control over the affairs of Mercatus Partners Strategic Opportunity Zone Investment Fund, LLC and Mercatus Strategic Opportunities Fund I, LLC, Mercatus Partners Tampa Park Phase 1, LLC, Mercatus Partners Tampa Park Phase 1 OZ, LLC. Mr.

Barlow, Mr. Belliston and Mr. Chris Russell each have 33.3% ownership in Mercatus Partners, LLC.

- ❖ Copperbirch Properties LLC - Copperbirch Properties LLC is a real estate company. Mr. Belliston is a manager for the company.
- ❖ Provo 500 South LLC - Provo 500 South LLC is a real estate company. Mr. Belliston is a member of the company.

### **Potential Time Management Conflict**

The aggregate time Mr. Barlow and Mr. Belliston devote to their obligations as General Partners of these funds can range from 30% to 50% depending on their fiduciary management responsibilities and regulatory reporting time constraints as part of their administrative duties. Mr. Barlow's and Mr. Belliston's responsibility to these funds may occasionally create a time management conflict that you should consider. However, neither Mr. Barlow nor Mr. Belliston feel their responsibilities to these funds will distract from their duty to manage your investment portfolio.

### **Potential Conflicts Working with Affiliated Entities**

Referrals to, from, and between ACM and any one of the funds' General Partners listed above can create a potential conflict of interest to Mr. Barlow's and Mr. Belliston's fiduciary duty to be impartial with their advice and to keep your interests ahead of their own. As a Partner, or a member of the fund of private investment funds, Mr. Barlow and Mr. Belliston are able to influence you to keep your investment activities in house. Therefore, before accepting either Mr. Barlow's or Mr. Belliston's recommendation to engage any of these affiliated companies, you may want to consider other options to ensure the service you receive is comparable to the service you might receive elsewhere.

In all cases where Mr. Barlow or Mr. Belliston or ACM has ownership in Affiliated Funds offered through Mercatus Partners LLC, Blue Field Income I GP, LLC or K Fund Capital Management, LLC, Mr. Barlow and Mr. Belliston typically receive fees in the form performance fees based on their proportionate ownership percentage. These compensation structures could provide an extra financial incentive to recommend those investments.

In addition, Mr. Gary Post is the husband of Mayumi Ishii, who is a member of Andina Capital Management, LLC and owns 5% of the company. Mr. Post has a 33% ownership in The K Fund Capital Management, LLC and he is a voting member of ACM's Investment Committee. ACM Investment Committee's role is to review Andina Branded investments and ACM created models. The Investment Committee is strictly a group which researches, analyzes, recommends, and votes on components and structures of the ACM investment pool. At this time The K Fund does not comprise any part of any Andina branded investment or Andina models, though a conflict could exist as Mr. Post has an incentive to recommend investments in K Fund-branded funds.

ACM ownership includes RMB Ventures, LLC which in turn is owned by Ryan Mathew Bohm. Mr. Bohm is dually registered between Resources Investment Advisors, LLC and Andina Capital Management, LLC until March 31, 2022. During the period of dual registration, the arrangement could potentially result in a conflict since it might appear that the client has a choice between the two RIAs, which could result in a financial conflict, if the remuneration packages are different. However, the dual registration is to facilitate the complete change of affiliation with Resources Investment Advisors, LLC to ACM, when he will be solely registered with ACM.

Regardless, ACM strives to serve your best interest and maintain our fiduciary responsibility by making you aware of circumstances that could adversely affect the management of your account(s) in compliance with the Investment Advisers Act of 1940, Rule 275.206.

### **Private Investment Fund Affiliations**

Each of the above General Partners is responsible for implementing the investment strategy of each of these investment funds' unique investment objectives and those trading strategies deemed to possess the optimal combination of earnings potential for the risks taken.

### **Andina Branded Funds**

The investment trading strategies of each of the private investment funds we have been referring to as “Andina Branded Funds” are described below:

- ❖ Copperstone Multi-Series IDF, LP – This fund’s objective is to achieve consistent investment returns from allocating to other Limited Partnership Funds, direct investments to securities and Independent Portfolio Managers, creating a Fund of Funds structure. Since this is an Insurance Dedicated Fund, all taxes are deferred and there are no K1s. The asset classes currently allocated are domestic and global public equities, commodities, and private credit. Copperstone Insurance Services, LLC is the General Partner.
- ❖ Andina Global Strategies Fund, LP – This fund’s objective is to provide an investment focused on growth through capital appreciation. The fund is allocated to approved Independent Portfolio Managers, investments positioned for growth, and unique direct investment opportunities in which our Investment Committee has a high degree of confidence. The Fund may employ a variety of traditional and alternative strategies to accomplish its objective. Investments can include fixed income and equity-type investments in both domestic and international markets. The Fund strives to achieve a total rate of return superior to a 60% equity/40% bond benchmark. Andina Partners, LLC is the General Partner.
- ❖ Andina Private Credit Strategies, LP – This fund’s objective is to create investment income through primarily first lien lending transactions secured by real estate, equipment, business and personal guarantees, and other security as deemed appropriate. The majority of Private Credit Strategies’ assets will be allocated to other Independent Private Fund Managers who specialize in the sourcing, underwriting, and administration of private credit loan portfolios. The overall allocation structure is designed to improve the risk/return attributes through a diversified private credit strategy. Andina Partners, LLC is the General Partner.

### **Andina Affiliated Funds**

The investment trading strategies of each of the private investment funds we have been referring to as “Andina Affiliated Funds” are described below:

- ❖ Blue Field Legacy Fund, LP – The Legacy Fund was formed to co-invest with strategic partners in real estate development projects and other real estate-related investments. The Legacy Fund seeks to generate superior long-term cash-on-cash returns, recognize long-term capital appreciation, and preserve investor capital. Blue Field Income I GP is the General Partner.
- ❖ Blue Field Income Fund I, LP – The Income Fund I is a private equity real estate fund formed to source, underwrite, acquire, maintain real estate and real estate related assets. The Income Fund I seeks to make equity and equity-related investments with strategic partners in such assets that are focused on solid monthly income and long-term capital preservation. Blue Field Income I GP is the General Partner.
- ❖ Blue Field Development Fund I, LP – The Development Fund I is a private equity real estate fund formed to source, underwrite, acquire, maintain and eventually exit out of real estate and real estate related assets. The Development Fund I seeks to make equity and equity-related investments with strategic partners in development projects that are focused on generating stable monthly income, realizing long-term capital appreciation, and preserving investor capital. Blue Field Income I GP is the General Partner.
- ❖ Blue Field Senior Fund, LP – The Senior Fund is a private equity real estate fund founded to pursue direct real estate investment in senior housing (senior living, assisted living, memory care, etc.). The Senior Fund seeks to generate superior risk-adjusted returns to its investors with a focus on distributions of income, long-term capital appreciation, and capital preservation. Blue Field Income I GP is the General Partner.
- ❖ Blue Field OZ Fund, LP – The OZ Fund is a private equity real estate fund formed to source, underwrite, acquire, maintain and eventually exit out of real estate related assets. The OZ Fund seeks to make equity investments with strategic partners in opportunistic real estate projects focused on rental income and capital appreciation in federally designated Opportunity Zones. These projects may be existing real estate assets or development projects in markets the GP finds attractive. Blue Field Income I GP is the General Partner.
- ❖ Blue Field Fund VI, LP – Fund VI I is a private equity real estate fund formed to source, underwrite, acquire, maintain and eventually exit out of real estate related assets. Fund VI seeks to make equity investments with strategic partners in opportunistic real estate projects focused on rental income and capital appreciation. These projects may be existing real estate assets or development projects in markets the GP finds attractive.

Blue Field Income I GP is the General Partner

- ❖ Blue Field NWQ Fund, LP – The NWQ Fund is a private equity real estate fund formed to source, underwrite, acquire, maintain and eventually exit out of real estate related assets. NWQ seeks to make equity investments with strategic partners in opportunistic real estate projects focused on rental income and capital appreciation. This fund is specifically focused on the acquisition and development of approximately 1500 acres of raw land west of the Salt Lake International Airport. This acquisition was completed in 2017 and development activities have been underway since that time. The partnership will develop and manage real estate assets on the acquired acreage as well as seek to acquire additional acreage as deemed appropriate. Blue Field Income I GP is the General Partner.
- ❖ The K Fund, LP – The K Fund is a diversified private equity fund founded to source, evaluate, invest, and profitably exit investment positions in private and public companies. In addition, The K Fund may invest in other funds, including investing in discounted secondary positions and with other private funds offering co-investment opportunities. K Fund Capital Management is the General Partner.
- ❖ The K Fund II, LP – The K Fund II is a private equity fund formed to invest in private companies at various stages of maturity, each having different risk/reward profiles, from post-seed stage technology-driven companies to established middle-market manufacturing, product and service companies generating stable cash flows. In addition, The K Fund II may invest in other funds, including investing in discounted secondary positions and with other private funds offering co-investment opportunities. K Fund Capital Management is the General Partner.
- ❖ Mercatus Strategic Opportunities Fund I, LP – The Strategic Opportunities Fund I is a private equity real estate fund formed to source, underwrite, acquire, maintain and eventually exit out of real estate related assets. Strategic Opportunities Fund I seeks to make equity investments with strategic partners in opportunistic real estate projects focused on rental income and capital appreciation. These projects may be existing real estate assets or development projects in markets the GP finds attractive. Mercatus Partners, LLC is the General partner.
- ❖ Mercatus Partners Strategic Opportunity Zone Fund – The Strategic Opportunity Zone fund is a private equity real estate fund formed to source, underwrite, acquire, maintain and eventually exit out of real estate related assets. Strategic Opportunity Zone fund seeks to make equity investments with strategic partners in opportunistic real estate projects focused on rental income and capital appreciation in federally designated Opportunity Zones. These projects may be existing real estate assets or development projects in markets the GP finds attractive. Mercatus Partners, LLC is the General partner.
- ❖ Mercatus Partners Tampa Park Phase 1, LLC- Is the Phase I of a multiyear real estate development project in Tampa Florida. Mercatus Partners, LLC is the General partner.
- ❖ Mercatus Partners Tampa Park Phase 1 OZ, LLC...is the Opportunity Zone entity of a multi year real estate development project in Tampa, Florida. Mercatus Partners, LLC is the General partner

### **Investment Limitations and General Considerations**

You may be solicited, along with other independent investors, to invest in one or more of these private investment funds **if you are defined as one of the following:**

- ❖ An “**accredited investor**”, as defined in Rule 501 of Regulation D under the 1933 Act;
- ❖ A “**qualified client**” as defined in Rule 205-3 under the 1940 Investment Adviser Act; or
- ❖ A “**qualified purchaser**” under Section 2(a)(51) of the 1940 Investment Company Act.

If you do not meet one of the three qualifications, **you are disqualified** from investing any of these private investment funds. However, should it be determined that you do fit the criteria to invest in one or more of these private funds, and you express interest to invest, a Confidential Private Placement Memorandum (“PPM”) will be provided to you. The PPM discloses all possibilities for conflicts of interest and inherent risks, which are necessary for you to make an informed decision.

You are under no obligation to invest in any of the private investment funds. However, if you do choose to invest, you also have the right to rescind your subscription and receive a full refund of your investment within three (3) business days after entering into a Subscription Agreement.

See “Pooled Investment Vehicle Compensation” under Item 14 - “**Client Referrals & Other Compensation**” for other potential conflicts of interest, and “Pooled Investments” under Item 15 - “**Custody**” for more information on how operating these funds creates a custody situation.

## **Insurance Company Activities & Affiliations**

Certain of our management persons and Investment Advisor Representatives (“IAR”) are also licensed as resident life, health, and fixed annuity insurance agents in their state of residence and may be licensed as non-resident agents in other states. These agents are licensed to sell insurance-related products and earn commissions from the sale of those products.

Potential conflicts of interest can occur when an IAR, as a trusted advisor advising your portfolio for a fee, recommends you purchase an insurance product in which they may earn a commission. This can create a situation of divided loyalty and the objectivity of the advice rendered could be subjective and create a disadvantage to you.

For further information on potential conflicts and economic benefits from these activities by IARs see “Financial Planning Compensation” below under Item 14 - “**Client Referrals & Other Compensation**”. In addition, more information about our IARs who offer investment advice and their insurance activities can be found in their individual “Brochure Supplements”.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING**

ITEM 11

### **Code of Ethics**

As a fiduciary, ACM has an affirmative duty to render continuous, unbiased investment advice, and at all times act in your best interest. To maintain this ethical responsibility, we have adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all personnel in discharging their duties. This Code is a value-laden guide committing such persons to uphold the highest ethical standards, rooted in the most elementary maxim – do the right thing. Our Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct
- ❖ Full, fair and accurate disclosure
- ❖ Compliance with applicable rules and regulations
- ❖ Reporting of any violation of the Code
- ❖ Accountability

To help you understand our ethical culture and standards, how we control sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of our Code of Ethics is available for review upon request.

### **Client Transactions**

We have a fiduciary duty to ensure that your welfare is not subordinated to any interests of ours or of our personnel. The following disclosures are internal guidelines we have adopted to assist us in protecting all our clientele.

#### **Participation or Interest**

Other than the opportunity to invest in one of the private investment funds, it is against our policies for any owners, officers, directors or employees to invest with you or with a group of clients, or to advise you or a group of clients to invest in a private business interest or other non-marketable investment unless prior approval has been granted by our Chief Compliance Officer, and such investment is not in violation of any SEC and/or State rules and regulations.

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## **Insider Trading Policy**

We comply with the Insider Trading and Securities Fraud Enforcement Act of 1988. We do not share any non-public information with anyone who does not need to know, and we have set-up internal controls to guard your personal information.

## **Class Action Policy**

ACM, as a general policy, does not elect to participate in class action lawsuits on your behalf. Rather, such decisions shall remain with you or with an entity you designate. We may assist you in determining whether you should pursue a particular class action lawsuit by assisting with the development of an applicable cost-benefit analysis, for example. However, the final determination of whether to participate and the completion and tracking of any such related documentation shall generally rest with you.

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## **Personal Trading**

Employees of ours are permitted to personally invest their own monies in securities, which may also be, from time to time, recommended to you. Most of the time, such investment purchases are independent of, and not connected in any way to, the investment decisions made on your behalf. However, there may be instances where investment purchases for you may also be made in an employee's account. In these situations, we have implemented the following guidelines to ensure our fiduciary integrity:

1. No employee acting as an Investment Advisor Representative ("IAR"), or who has discretion over your account, shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry. No employee of ours shall prefer his or her own interest to that of yours or any other advisory client.
2. We maintain a list of all securities holdings for all our access employees. Our Chief Compliance Officer reviews these holdings on a regular basis.
3. We require that all employees act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Bunched orders (See "Aggregating Trade Orders" below under Item 12 - "**Brokerage Practices**") may include employee accounts. In such cases, priority and advantage will be given to satisfy your order first regardless of the situation.
5. Any individual not in observance of the above may be subject to termination.

Personal trading activities are monitored by the Chief Compliance Officer to ensure that such activities do not impact your security or create conflicts of interest.

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## **BROKERAGE PRACTICES**

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### **Custodial Services**

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ACM maintains a custodial relationship with Charles Schwab & Company, Inc. (using Schwab Advisor Services. "Schwab") Schwab is a registered broker-dealers and members FINRA/SIPC. Schwab offers services, which include custody of securities, trade execution, clearance, and settlement of transactions.

Our recommendation for you to custody your assets with Schwab has no direct correlation to the services we receive from Schwab and the investment advice we offer you, although we do receive economic benefits through our relationship with Schwab that are typically not available to retail clients. These benefits include the following products and services (provided without cost or at a discount):

- ❖ Receipt of duplicate client statements and confirmations.
- ❖ Research related products and tools and consulting services at no additional cost to our firm<sup>12</sup>.

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<sup>12</sup> The research and brokerage services qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934.



- ❖ Access to a dedicated trading desk.
- ❖ Execution facilitation services provided
- ❖ Ability to have advisory fees deducted directly from client accounts
- ❖ Access to batch trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to accounts).
- ❖ The ability to have asset management fees deducted directly from accounts.
- ❖ Access to an electronic communications network for order entry and account information.
- ❖ Access to mutual funds with no transaction fees and to certain institutional money managers.

**We are not a subsidiary of or an affiliated entity of Schwab. We have sole responsibility for investment advice rendered, and our advisory services are provided separately and independently from Schwab.**

### **Direction of Transactions and Commission Rates (Best Execution)**

**We have a fiduciary duty to put your interests before our own.** The advisory support services we received from Schwab create an economic benefit to us and a potential conflict of interest to you, in that our recommendation to custody your account(s) with Schwab may have been influenced by these arrangements/services. **This is not the case;** we have selected Schwab as our custodian of choice based on:

1. Their competitive transaction charges, trading platform, and online services for account administration and operational support.
2. Their general reputation, trading capabilities, investment inventory, financial strength, and our personal experience working with their staff.

Since we do not recommend, suggest, or make available a selection of custodians other than Schwab and we have not verified whether their transaction fees are competitive with another custodian, **best execution may not always be achieved.** Therefore, **you do not have to accept our recommendation to use Schwab** as your custodian. However, if you elect to use another custodian, **we may not be able to provide you complete institutional services.**

### **Aggregating Trade Orders**

Our objective in order execution is to act fairly, impartially, and to take all reasonable steps to obtain the best possible results (known as “best execution”) for our clients. Therefore, we will not bunch (aggregate) orders for a block trade unless: (i) the bunching of orders is done for the purpose of achieving best execution; and (ii) no client is systematically advantaged or disadvantaged by bunching the orders.

In consideration of these objectives, we will consider the unique execution factors of the buy/sell order before bunching accounts for a block trade. A few of those factors are:

- ❖ **Security Trading Volume** – Bunching orders in a block trade can secure price parity and continuity for our clients during heavy trading activity.
- ❖ **Number of Clients** – The bunched order may not yield better pricing or order execution the fewer the number of client accounts involved. It may be more advantageous to perform an individual market order for each client. In addition, preparing individual market orders, for a small number of accounts involved may be quicker to complete than preparing a bunch order.
- ❖ **Financial Instruments** – The type of security involved as well as the complexity of an order can affect our ability to achieve best execution.

If you would like additional information on our trading allocation policies, a copy is available for review upon request.

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, our firm will

request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.



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## Selection of Portfolio Managers

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We will make available a select group of Independent Portfolio Managers from which you may choose to manage your account(s). We will assist you in determining which will provide the most effective financial growth based upon your stated investment objectives and risk tolerance level. The brokerage practices of the Independent Portfolio Manager will be disclosed in their ADV Part 2A: Firm Brochure or Part 2A Appendix 1: Wrap Fee Program Brochure, which we will provide you prior to, or at the same time as, opening an account.

While we have exercised our best efforts evaluating the investment performance and cost of service offered by these Independent Portfolio Managers, we make no representation that the Independent Portfolio Manager(s) to which we refer you has the best investment performance or has the lowest portfolio management costs. In addition, your selection of such Independent Portfolio Managers will be limited to those with whom we have entered into service agreements. Therefore, it is possible that you might be able to contract for similar services elsewhere or separately, with equivalent or better performance at lower cost.

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## REVIEW OF ACCOUNTS

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### Portfolio Management Reviews

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Each account is reviewed on an ongoing basis by Eric S. Barlow, J. Brett Belliston, or the Investment Advisor Representative (“IAR”) assigned your account to ensure that your needs and objectives are being met. All accounts are reviewed in the context of your stated investment objectives and guidelines. Cash needs will be adjusted as necessary.

You will receive monthly statements from Charles Schwab & Company, Inc. where your account(s) are custodied. You are encouraged to review each statement which summarizes the specific investments held, the value of your portfolio and account transactions.

You are also encouraged to review with us investment strategies and account performance on an annual basis. Material changes in your personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, **it is your responsibility to communicate changes in your personal circumstances so that the appropriate adjustments can be made.**

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### Portfolio Monitoring Reviews

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Should your account be managed by a third-party money manager (“Independent Portfolio Manager”), the IAR presiding over your account will monitor and evaluate the performance of the Independent Portfolio Manager. We understand your goals and tolerance for risk may change over time; therefore, **even though we are not involved in anyway with the day-to-day management of your assets** maintained with an Independent Portfolio Manager(s), your portfolio will be monitored, and we will make recommendations to you regarding the Independent Portfolio Manager(s) as market factors and your personal goals dictate.

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### Financial Planning Reviews

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The financial planner who has/is designing your financial plan will work closely with you to be sure the action points identified in the financial plan have been or are being properly executed. Once the action points have been completed, the financial plan should be reviewed at least annually. Material changes in your lifestyle choices, personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, **it is your responsibility to communicate these changes to us** so that the appropriate adjustments can be made.

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### Employer Retirement Plan Reviews

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Employer Retirement Plan clients receive reviews of their retirement plans for the duration of the service. We also provide ongoing services where clients are met with upon their request to discuss updates to their plans, changes in their circumstances, etc. Employer Retirement Plan consulting clients do not receive written or verbal updated reports regarding their plans unless they choose to engage our firm for ongoing services.

## CLIENT REFERRALS & OTHER COMPENSATION

### Referral Compensation

We do not receive any economic benefit from any Independent Portfolio Managers or independent party for managing your account(s). If an Independent Portfolio Manager has budgeted compensation for referrals, we request that this compensation be applied to your account by way of reduced fees or increasing your investment contribution.

ACM can pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to us in accordance with relevant state statutes and rules. Such referral fees represent a share of our asset management fee charged to our clients. This arrangement will not result in higher costs to the referred client. In this regard, our firm maintains Solicitors Agreements in compliance with relevant state statutes and rules and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, we ensure that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of ACM. If our firm is paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

### Other Compensation (Indirect Benefit)

ACM receives an indirect, non-monetary, economic benefit from Schwab. See "Custodial Services" above under Item 12 - "Brokerage Practices" for more detailed information on what these services and products could be.

### Financial Planning Compensation

As previously mentioned, certain of our Investment Advisor Representatives ("IARs") are commissioned insurance agents (See "Insurance Company Activities & Affiliations" above in Item 10 - "Other Financial Industry Activities & Affiliations" for more information). This can create a conflict of interest when recommending for a fee, through a financial plan, that you purchase insurance products where a commission can also be earned.

In addition, there are also potential conflicts of interest when an IAR suggests the need for outside consultations and professional services (i.e., attorneys, accountants, brokers, etc.) to implement certain aspects of a financial plan. Even though the IAR does not receive any share of fees earned by the outside professionals when implementing a financial plan, it does create an incentive on their part to refer your business to only those entities that in turn refer potential clients to us. In both cases, there is potential for divided loyalty, and the objectivity of the advice rendered could be subjective and create a disadvantage to you. Therefore, to ensure you understand the choices and risks you have in receiving financial planning along with all other investment recommendations, the following disclosures are provided to assist you with your decisions:

- ❖ Certain aspects of a financial plan may require the assistance of a Registered Representative of a broker-dealer to execute a transaction. In this situation regardless of who performs the transaction(s), **such person will be entitled to earn a commission or fee.**
- ❖ If requested by you to implement any insurance recommendations made in the financial plan, the IAR will execute such transactions through those insurance companies in which they are a licensed insurance agent. In such cases, **the IAR will receive the normal commissions associated with such insurance transactions.**
- ❖ You are under no obligation to have any related parties that we recommend prepare planning documents (i.e., financial, estate, tax, etc.). **You are free to choose those outside professionals to implement the recommendations made in the financial or estate plan.**
- ❖ ACM does not receive any economic benefit from referring you to another professional without first notifying you of such possibilities.

Notwithstanding these disclosures, other conflicts of interest may arise from time-to-time. In such cases, we will make every effort to fully disclose any issues prior to engagement. We strive, at all times, **to serve your best interest and ensure proper disclosure** is being made to you in compliance with the Investment Adviser Act of 1940, Rule 275.206.

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## Pooled Investment Vehicle Compensation

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**Our fiduciary duty binds us to an ethical standard of complete care and loyalty and to avoid circumstances that might affect, or appear to affect, this standard unless we act transparently and provide you full and fair disclosure on any potential conflict.**

In addition to serving as the Managing Members of this company, Andina Capital Management, LLC, Eric S. Barlow and J. Brett Belliston, are also the principal executive officers and Investment Committee Members to several private investment funds. As such, **Mr. Barlow and Mr. Belliston receive economic benefits from recommending that you invest in these private affiliated investment funds.** These benefits could be, but are not limited to, an increase in advisory/consulting fees, salaries, performance fees, and income/dividend returns should you choose to invest in one or more of the private investment funds. **Therefore, before accepting our recommendation to invest in these affiliated funds, you should consider other investment opportunities to ensure the expenses and investment returns are comparable or equivalent to the private investment funds being recommended.**

See “Financial Industry Affiliation” and “Private Investment Fund Affiliation” above under Item 10 - **“Other Financial Industry Activities & Affiliations”** for disclosure about time management, affiliated entity considerations, and the investment qualifications of the private investment funds. Also see “Pooled Investments” under Item 15 - **“Custody”** for more information on how operating these investment funds creates a custody situation.

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## Retirement Rollover Compensation

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Earning a management fee from recommending the rollover of retirement plan assets to an IRA we manage is considered “self-dealing” and prohibited unless we comply with a Best Interest Contract (“BIC”) Exemption available under the Department of Labor’s (“DOL”) Fiduciary Rule. The DOL considers earning a management fee “self-dealing” because it increases our compensation and profits while potentially disregarding the underlying costs paid by, and the services provided under, the retirement plan that might be more beneficial to you should your retirement assets remain with the plan. Therefore, when it comes to your retirement assets, there are typically four options you should consider when leaving an employer:

- ❖ Leave the account assets in the former employer’s plan, if permitted.
- ❖ Rollover the assets to the new employer’s plan, if one is available and rollovers are permitted.
- ❖ Rollover the assets to an Individual Retirement Account (an “IRA”); or,
- ❖ Cash out the retirement account assets (There may be tax consequences and/or IRS penalties depending on your age).

Should you choose to rollover your retirement account assets to an individual IRA account, **you understand you are under no obligation to engage us to manage these assets that you are free to take your IRA account anywhere to be managed.**

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## CUSTODY

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### Management Fee Deduction

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We do not take possession of or maintain custody of your funds or securities but will simply monitor the holdings within your portfolio and trade your account based on your stated investment objectives and guidelines. Physical possession and custody of your funds and/or securities shall be maintained with Charles Schwab & Company, Inc. as indicated above in Item 12 - **“Brokerage Practices”**.

We are however defined as having custody since you have authorized us to deduct our asset management fees directly from your account and, under some circumstances, have given us the power to disburse funds to a third party under a standing letter of authorization (SLOA). Therefore, to comply with the United States Securities and Exchange Commission’s Custody Rule (1940 Act Rule 206(4)-2) requirements, and to protect you as well as to protect our advisory practice, we have implemented the following regulatory safeguards:

- ❖ Your funds and securities will be maintained with a qualified custodian (Schwab) in a separate account in your name.
- ❖ Authorization to withdraw our asset management fees directly from your account will be approved by you prior to engaging in any portfolio management and/or portfolio monitoring services.
- ❖ You would provide authorization directly to the custodian, in writing, that includes your signature, third party's name, and either the third party's address or account number at a custodian to which the transfer of funds should be directed along with the date(s) and frequency to do so. We have no ability to change any of that information.
- ❖ The custodian performs appropriate verification of the instruction, such as signature review or other method to verify your authorization and they provide you with a transfer of funds notice promptly after each transfer.
- ❖ You can terminate or change the instructions.
- ❖ The custodian sends you an initial notice confirming the instruction and an annual notice reconfirming the instruction. In addition, at Schwab, the SLOA becomes deactivated (with notice) after 3 years of disuse.

Schwab is required by law to send you, at least quarterly, brokerage statements summarizing the specific investments currently held in your account, the value of your portfolio, and all account transactions. You are encouraged to compare the financial data contained in our report and/or itemized fee notice with the financial information disclosed in your account statement from Schwab to verify the accuracy and correctness of our reporting.

## Pooled Investments

As previously mentioned, Eric S. Barlow and J. Brett Belliston, are also the Managing Members and/or Investment Committee Members to several Limited Liability Companies serving as the General Partners to numerous private investment funds. (See "Financial Industry" under Item 10 - "**Other Financial Industry Activities & Affiliation**" for more information).

As the Managing Members or Investment Committee Members, and General Partners of numerous private investment funds, Mr. Barlow and Mr. Belliston have legal control of, ownership of, or access to, the assets held in these private investment funds. By virtue of their positions, Mr. Barlow and Mr. Belliston have influence or authority to dispose of these assets, whether appropriate or not, without the limited partners of the private investment funds ever knowing. Therefore, to protect the limited partners and to comply with the 1940 Act Custody Rule 206(4)-2 safekeeping requirements for pooled investment vehicles, each of the private investment funds will:

- ❖ Be subject to an audit (as defined in Section 2(d) of Article 1 of Regulation S-X [17 CFS 210.1-02(d)]) at least annually.
- ❖ Ensure the independent public account performing the audit is subject to regular annual inspection by the PCAOB, in accordance with the rules of the PCAOB.
- ❖ Distribute the audited financial statements prepared in accordance with Generally Accepted Accounting Principles to all limited partners within 180 days of the end of the fiscal year.
- ❖ Should one of the Funds close, have a final audited financial statement prepared upon liquidation of all assets in the Fund. The completed audit will be promptly distributed to all limited partners.
- ❖ Have the third-party administrator ("TPA") review all fees, expenses, and capital expenditures and furnish each limited partner with quarterly statements and K-1 tax documents for reporting income, losses, and dividends to limited partners in the Fund.

The Confidential Private Placement Memorandum ("PPM") discloses all the safeguards that have been implemented to protect the limited partners. If you are both a client of ACM and limited partner of one or more of these private investment funds, you are encouraged to read the PPM where such procedures are disclosed.

## INVESTMENT DISCRETION

We will have you complete our Planning and Investment Management Services Agreement which sets forth our discretionary trading authority to buy and sell securities in whatever amounts are determined to be appropriate for your account and whether such transactions are with, or without, your prior approval. You may, at any time, impose restrictions, in writing, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased

for your account, excluding the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.).

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## VOTING CLIENT SECURITIES

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**We do not vote client proxies.** You understand and agree that you retain the right to vote all proxies, which are solicited for securities held in your managed accounts. Any proxy solicitations inadvertently received by us will be immediately forwarded to you for your evaluation and decision. However, if you have specific questions regarding an action being solicited by the proxy that you do not understand, or you want clarification, you may contact us and we will explain the particulars. Keep in mind we will not advise you in a direction to vote, that ultimate decision will be left to you.

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## FINANCIAL INFORMATION

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We are not required to include financial information in our Disclosure Brochure since we will not take physical custody of client funds or securities or bill client accounts six (6) months or more in advance for more than \$1,200. We are not aware of any current financial conditions that are likely to impair our ability to meet our contractual commitments to you.

## END OF DISCLOSURE BROCHURE