Form ADV Part 2A Brochure

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dba Avera Capital Wealth Management

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IARD /CRD #133535

June 10, 2025

This brochure provides information about the qualifications and business practices of Arax Advisory Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 303-633-5900 or via email at: info@araxadvisorypartners.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Arax Advisory Partners, LLC is a registered investment adviser. Being a "registered investment adviser" or describing ourselves as being "registered" does not imply a certain level of skill or training.

Additional information about Arax Advisory Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes:

Arax Advisory Partners, LLC ADV Part 2A Disclosure Brochure ("Brochure)" is intended to identify and summarize material changes made to our Brochure since our last annual ADV Part 2A Brochure filing on January 31, 2025. Further detail is in each corresponding section.

We acquired Schechter Investment Advisors, LLC on May 31, 2025. There are no material changes to Arax Advisory Partners, LLC ownership as a result of this merger. Cavalier Investment Holdings, LLC changed its name to Arax Advisory Partners Holdings, LLC. Our principal owners are Arax Advisory Partners Holdings, LLC and Arax Business Trust, LLC.

Item 10. Other Financial Industry Activities and Affiliations

Registered Representatives of Broker Dealer

Some of AAP's *Investment Advisor Representatives (IAR)* are registered representatives (RR) of Kingswood Capital Partners, LLC (formerly *Chalice Capital Partners, LLC),* a third-party broker dealer that provides clients with securities brokerage services under a separate commission-based arrangement.

Certain *IARs* of AAP are also insurance agents of Robert Schechter & Associates, Inc. (dba "Schechter Wealth Services," "Schechter"), licensed insurance agencies, and may offer insurance products under a separate commission arrangement.

Material Relationships or Arrangements with Industry Participants

Schechter Private Capital (SPC)

Schechter Private Capital, LLC ("SPC", formerly Maple Woodward Capital, LLC) was formed in 2016 with the intention of serving as Manager and/or General Partner and Investment Advisor to select private fund ("SPC Funds"). Currently, SPC serves as the Manager and Advisor to the various series of Schechter Private Capital Fund I, LLC which, through various series, pursues certain venture capital and private-equity strategies. *SPC's owners are Marc Schechter (one of AAP's Partners), Aaron Hodari (one of AAP's partners), and Jason Zimmerman (Members). Marc Schechter controls SPC.*

AAP Compensated as Placement Agents of Kingswood Capital Partners, LLC

SPC, utilizes certain IARs of AAP, who are also Registered Representatives(RR) of Kingswood to act as non-exclusive finder and placement agent to refer and introduce prospective investors to an SPC private fund or series investment.

Outside Investments with AAP Clients

Marc Schechter, indirect owner of AAP, shares joint ownership with several AAP clients in multiple unrelated limited liability companies, each created for the purpose of acquiring interest in private companies or real estate ventures that are not offered or recommended to other AAP clients.

<u>Item 3. Table of Contents:</u>

Item 4. Advisory Business

Arax Advisory Partners, LLC (referred to as "AAP", "we", "us", "our" or the "Firm") is registered under the Investment Advisors Act of 1940 as an investment adviser and is a Delaware limited liability company headquartered in Denver, Colorado. We, along with our predecessor, have been in business since September 2006. Our principal owners are Arax Advisory Partners Holdings, LLC and Arax Business Trust, LLC.

In general, when acting in our capacity as an investment advisor, we provide individual and institutional investment advisory and financial planning services. These services are provided through discretionary and non-discretionary portfolio management, third party money manager selection and oversight, written comprehensive or modular financial plans, hourly consultations, financial education, seminars, and expert witness services. The Adviser is a fiduciary and is required to act in a client's best interest at all times.

While this brochure generally describes the business of AAP, certain sections also discuss the activities of its *Supervised Persons*, which refers to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees, or other persons who provide investment advice subject to the Firm's supervision or control.

Investment Management and Wealth Management Services

We offer discretionary and non-discretionary portfolio management services. Discretionary management means that we will make investment decisions and place buy or sell orders in your account without contacting you. These decisions would be made based upon your stated investment objectives. If you wish, you may limit our discretionary authority by, for example, setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Non-discretionary portfolio management service means that we must obtain your approval prior to making any transactions in your account.

AAP primarily allocates client assets among various independent investment managers ("Independent Managers"), mutual funds, interval funds, exchange-traded funds ("ETFs"), and individual debt and equity securities, in accordance with the investment objectives of its individual clients. In addition, AAP may also recommend that clients who, at a minimum, qualify as accredited investors (or the necessary accreditation specific to the investment) as defined by Rule 501 of Regulation D under the Securities Act of 1933, invest in privately placed securities. These securities may include debt, equity, or interests in pooled investment vehicles (e.g., hedge funds), including investments in private funds issued and managed by Schechter Private Capital, LLC ("SPC"). (See *Item 10, Other Financial Industry Activities and Affiliations* for a description of AAP's conflicts of interests relating to SPC.)

AAP tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. AAP consults with clients on an initial and ongoing basis, at least once annually, to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are asked to promptly notify AAP if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts, if AAP determines, that the restrictions or mandates will not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts. Certain clients of AAP may also work with other advisors/brokers and engage AAP to only manage or oversee a portion of their assets. In these situations, a holistic approach is limited, and the management of the portfolio is typically focused on the specific assets that the client has hired AAP to manage.

Clients may also engage AAP to advise on certain investments and/or plans that are not maintained at their primary custodian, such as variable and fixed life and annuity insurance contracts, assets held in employer sponsored retirement plans, and qualified tuition plans (i.e., 529 plans). In these situations, AAP directs or recommends the allocation of client assets among the various investment options available. These assets are generally maintained at the underwriting insurance company, or the custodian designated by the product's provider.

We provide investment advisory services to certain broker-dealers' customers ("Brokerage Customers") who provide written consent requesting to receive the firm's advisory services. Brokerage Customers have entered into a written advisory agreement with AAP.

Financial Planning and Consulting Services

AAP offers its clients a range of financial planning and consulting services, including:

- Asset Allocation
- Retirement Planning
- Estate Planning
- Investment Consulting
- Insurance Needs Analysis
- Retirement Plan Analysis
- Charitable Giving Planning
- Income Tax Planning

While some of these services are available on a stand-alone basis, certain services may be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (as described above). In performing these services, AAP is not required to verify information received from the client or from the other professionals advising the client (e.g., attorneys, accountants, etc.). Neither the firm nor its Associates provide legal or tax advice. We make recommendations on a "best efforts" basis but are unable to predict changes in the market or economy. We cannot guarantee that recommendations will result in financial gain for you, the client.

In addition to the above listed services, AAP recommends services offered by its Supervised Persons in their individual capacities as insurance agents or RRs of a third-party broker-dealer to implement its recommendations, which creates potential conflicts of interest for those individuals. (See Item 10, Other Financial Industry Activities and Affiliation for a further description of AAP's conflicts of interest).

Clients are advised that if they engage AAP to provide additional fee-based services, the client retains absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by AAP under a financial planning or consulting engagement or to engage the services of any such recommended professionals, including AAP itself.

AAP Reporting Services

AAP offers a consolidated reporting service primarily to high-net-worth individuals who are not currently an AAP advisory client. Through this service, AAP provides asset and other financial reporting services delivered through a client portal. AAP utilizes third-party reporting software for this service, which develops reports based on client needs and specifications.

AAP charges clients a flat annual fee for this service, which is negotiable depending upon the size of the client account(s), size of non-custodial/outside accounts, and frequency of reporting provided by AAP. AAP also offers its consolidated reporting clients a fee discount should they choose to engage AAP for any additional fee-based services, as well. Any such discount will be negotiable on a client-by-client basis, depending on account size, complexity, type(s) of services, and amount of service provided at that time.

Securities-Based Lending Programs

AAP and its Supervised Persons may assist clients in entering into a loan agreement establishing a line of credit offered through AAP's primary custodians, Pershing, Schwab, and Fidelity depending upon the client's investment needs and objectives. The custodian lending programs enables AAP clients to obtain credit secured by their securities and other property held, carried, or maintained by the client in custodians' possession, also known as "pledging". The client is responsible for independently evaluating whether the terms on which custodian is willing to lend are acceptable.

The fees related to a securities-based loan are separate from the advisory fees charged to a client's advisory account. Clients should explore the details of the custodian programs, and any other securities-based lending agreement, with their Advisor in order to determine whether the arrangement is appropriate to meet the client's needs. Neither AAP nor its Supervised Persons receive any direct or indirect compensation or benefit for recommending clients to the custodian lending programs.

Use of Independent Managers

AAP may select or recommend certain *Independent Managers* to manage a portion of its clients' assets. The specific terms and conditions under which a client engages *an Independent Manager* are set forth in a separate written agreement between the designated *Independent Manager* and either AAP or the client. In addition to this brochure, clients may also receive written disclosure documents of the *Independent Managers* engaged to manage their assets. In most cases, we will not share in the fees charged by the *Independent Manager*. The *Independent Manager* also acts as payment agent for our firm. However, in the case of accounts maintained with The Pacific Financial Group, Inc., we will receive a portion of the fee charged by The Pacific Financial Group, Inc. for services rendered to the client.

AAP evaluates various information about the *Independent Managers* it chooses to manage client portfolios, which may include the *Independent Managers*' public disclosure documents, materials supplied by the *Independent Managers* themselves, and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Independent Managers*' investment strategies, past performance, and risk results in relation to its clients' individual portfolio allocations and risk exposure. AAP also takes into consideration each *Independent Manager*'s management style, returns, reputation, financial strength, reporting, pricing, and research capabilities, among other factors.

On an ongoing basis, AAP monitors the performance of those accounts being managed by *Independent Managers*. AAP seeks to ensure the *Independent Managers*' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

Alternative Investments

In addition to traditional investment vehicles, AAP also invests client assets using alternative investments and structured notes. AAP considers a variety of third-party alternative investment platforms such as, for example, the Capital Integration Systems, LLC (CAIS) , iCapital, and Conway platforms, but may also consider direct investments with private hedge funds, private equity or debt funds. AAP also considers other managers providing structured solutions.

Platforms such as CAIS, iCapital, and Conway source and selects new funds for its platform through a variety of due diligence processes, in addition to the extensive due diligence process conducted by the AAP Investment Committee. Due diligence typically includes discussions among the AAP Investment Committee, the platform providers, prospect funds, their managers, and other relevant third parties experienced with the managers. Products that are appropriate and desirable for the platforms are subject to internal committee reviews by the platforms and full, independent diligence review by conducted by AAP.
Product onboarding occurs only following the successful completion of these processes. Following onboarding, a regular dialogue and review is maintained with respect to each fund so long as it remains on the platform. The use of the these platforms enable AAP's clients to have access to alternative investments at meaningfully lower dollar amounts, often starting at $100,000 minimum investments, than the funds usually require. The management fees and the carried interest vary at the fund level. Finally, there are alternative investment managers that AAP uses that are not on the these platforms that AAP independently analyzes. The fees on these funds also vary by fund. Investments made through the CAIS, iCapital, and Conway platforms are made through feeder funds created by platforms to gain access to the underlying managers or facilitated by the platforms for investors to subscribe directly to the desired fund. The platforms assists with administration, subscription documents, ongoing maintenance, and custodial platform recognition. Although AAP believes that it has expertise in alternative investments, AAP also benefits from the additional due diligence and administrative support done by CAIS, iCapital, and Conway.

Other Third Party Platforms

We use a third-party platform to facilitate management of held away assets, which are primarily company sponsored retirement accounts. The platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. Once a Client account(s) is connected to the platform, we regularly review the available investment options in these accounts, monitor them, and rebalance and implement our strategies.

Seminars

Occasionally, our Associates will conduct seminars on investment programs, estate and wealth transfer planning, business planning, insurance products and other financial planning matters. There may, or may not, be a cost for attending these seminars. The content of these seminars is general in nature and is geared towards the audience which may be prospective clients, CPAs or attorneys. The concepts presented in the seminars are general and not necessarily specific to the needs and objectives of the individuals attending the seminar.

Assets Under Management

As of May 31, 2025, the firm managed the following (in $US):

	Assets Under Management	# of Accounts
Discretionary:	$ 6,882,963,971	11,076
Non-Discretionary:	436,125,268	394
Total:	**$ 7,319,089,239**	**11,470**

Associates of the firm do have a business continuity plan with the company to ensure seamless transitions of client relationships in the event of an Associate or Principal departure from the firm.

We do not participate in any wrap fee programs.

Item 5. Fees and Compensation

AAP offers its services on a fee basis, which may include fixed fees based upon Assets Under Management (AUM) or advisement.

Investment Management and Wealth Management Fees

AAP provides investment management services for an annual fee ("management fee") based on the amount of assets under AAP's management. The fee varies depending upon the size of a client's portfolio and the type of services rendered. Rates vary depending on the size and complexity of a client's account and generally range from 1% to 2% per year.

All assets in the account are included in the fee assessment unless specifically identified in writing for exclusion. The management fee is billed quarterly, and may be billed in either advance or arrears, depending on the terms of a client's Investment Advisory Agreement with the firm. The method for calculating quarterly fees is detailed in each client's Investment Advisory Agreement with the firm. Management fees may be prorated for accounts established or terminated at times other than the start of a quarter.

For accounts that are billed in advance, the first partial calendar quarter during which you have participated in our investment program, the advisory fees will be billed in arrears, based on a prorated basis as of the date the account is opened and funded. Fees may be subsequently adjusted at the end of any calendar quarter to reflect all additions to, or withdrawals from, the account at Advisors discretion. Any such adjustments will be made on a pro rata basis during the calendar quarter for which the adjustment is made.

Fees incurred from trading activities in the account (such as trading fees incurred to obtain initial account positions and fees incurred to liquidate those holdings upon account termination and any early redemption fees imposed by mutual funds) will not be reimbursed. Any account appreciation or depreciation during the five-day period will be borne or kept by the client.

The Investment Advisory Agreement may be terminated at any time by either party upon written notice. If a client terminates an account before the end of a calendar quarter that has already been billed in advance, the client will receive a refund for any prepaid, unused fees. If a client terminates an account that is billed in arrears, the client will promptly pay AAP for earned management fees. Existing clients may have advisory fee schedules and fee deduction methods that differ from those listed in our most current Investment Advisory Agreement.

Use of Margin

Clients may authorize AAP to use margin in the management of the client's investment portfolio. In these cases, the fee payable will be assessed on the account value net of margin debt, plus cash.

Additional Fees and Expenses

In addition to the advisory fees paid to AAP, clients will also incur certain charges imposed by other third parties, such as broker-dealers, qualified custodians, fund managers, trust companies, banks, and other financial institutions (collectively "*Financial Institutions*"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the *Independent Managers,* Hedge Funds, Investment Consulting Firms and Managed Portfolio Advisors; charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. Clients are encouraged to read such prospectuses carefully to evaluate such fees. The Firm's brokerage practices are described at length in *Item 12,* below.

Fee Debit

Clients generally provide AAP with the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The *Financial Institutions* that act as qualified custodians for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to AAP. Though generally not preferred, certain legacy clients have elected to have AAP send them an invoice for direct payment.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept certain securities into a client's account. Clients may withdraw account assets on notice to AAP, subject to the usual and customary securities settlement procedures. Further, certain assets may have limited liquidity and the ability to withdraw will be subject to the underlying assets liquidity terms and availability. AAP designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client's investment objectives. AAP may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may pay transaction fees and/or mutual fund fees. In addition, transfer of securities may have tax ramifications for the client.

Commissions or Sales Charges for Recommendations of Securities

Clients can engage certain Supervised Persons of AAP who are dually registered as investment advisor representatives (IAR) of AAP and registered representatives (RR) of *Kingswood Capital Partners, LLC* (formerly "*Chalice Capital Partners, LLC*") to render securities brokerage services under a separate commission-based arrangement with *Kingswood.* Clients are under no obligation to engage such persons and may choose brokers or agents not associated with AAP. These RRs may be entitled to a portion of the brokerage commissions paid to *Kingswood,* as well as a share of any ongoing distribution or service (trail) fees from the (12b-1) sale of mutual funds*. AAP* may also recommend no-load or load-waived funds, where no sales charges are assessed. Prior to effecting any transactions, clients are required to enter into a separate agreement with *Kingswood*. AAP does not receive any portion of commissions or transaction fees charged by *Kingswood*.

Additionally, dually registered *Supervised Persons* may offer securities brokerage services to AAP clients. Certain *Supervised Persons* of AAP are also insurance agents of affiliates SimonDavis Brokerage Services ("SDBS") and Robert Schechter & Associates, Inc (dba "Schechter Wealth Services," "Schechter"), licensed insurance agencies, and may offer insurance products under a separate commission arrangement. (See *Item 10. Other Financial Activities and Affiliation*s for a discussion of conflicts of interest stemming from AAP *Supervised Persons* offering these non-advisory services.)

AAP receives an advisory fee based on the AUM from certain Brokerage Customers who have provided written consent to a broker-dealer to receive the investment advisory services from AAP and have entered into a written advisory contract with AAP. The advisory fee is calculated in advance based on the value of the AUM from Brokerage Customers as of the end of the previous quarter. The maximum advisory fee will not exceed 1% annually. The advisory fee is paid by the broker-dealer and is not charged to the client separately.

Advisory Fees Negotiable

AAP, in its sole discretion, reserves the right to negotiate fees based upon certain criteria including, but not limited to, anticipated future earning capacity and additional assets, the dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationships, account retention, and *pro bono* activities. Additionally, certain *Independent Managers* may impose more restrictive account requirements and billing practices that differ from AAP. In such instances, AAP may alter its corresponding account requirements and billing practices to accommodate those of the *Independent Managers*.

Clients invested in the Managed Accounts Program and the GoalLink Program developed by SEI Investments Management Corporation ("SIMC"), are required to custody accounts with SEI Trust Company. Portfolio management fees for assets custodied at SEI Trust Company are billed quarterly, in arrears, and are based on the value of your portfolio at the end of the preceding quarter. SEI Trust Company, the custodian holding client accounts, calculates and deducts advisory fees through the authority granted by the Client in the account opening agreement with SEI Trust Company and forwards such fees to us. We do not participate in the advisory fee calculation and deduction process. SEI Trust Company sends an account statement to all Clients on at least a quarterly basis. This statement will detail all account activity. Clients are encouraged to review their account statements to verify the accuracy of all information.

Financial Planning and Consulting Services Fees

Financial planning and consulting service clients are based on a fixed-fee per project basis or on an hourly fee basis. The hourly rate ranges from $195 to $425 per hour and fees are payable after the plan is completed. The fee is negotiated directly with the client based on the size and scope of the relationship.

Fees may be waived in whole or in part by the Firm at its sole discretion. Financial Planning services may be terminated upon five (5) days advance written notice by either party to the other. Any fee due will be prorated to the date of termination.

The fees described above may change based on special situations such as an expansion of a project, increase in the number of reviews, more specialized needs of the client, more complex planning, or more detailed planning. Before such a change may be made, the client is given 3 days prior written notice.

Fees do not include product transaction commissions or the fees for third party professional services, e.g., investment managers, attorneys, accountants, or other third parties.

From time to time, various attorneys retain Principals of our firm to serve as an expert witness in insurance and investment lawsuits and arbitrations. A fee of $300, or more per hour is charged for expert witness services.

The advisory fee payable for any Held Away Account will be deducted directly from another Client account. If there are insufficient funds available in another Client account or we believe that deducting the advisory fee from another Client account would be prohibited by applicable law, we will invoice the Client, unless other billing arrangements are made.

The fee-paying arrangements for Held Away Accounts will be determined on a case-by-case basis and will be detailed in the signed advisory agreement. The client is assessed a fee per the agreement the client signs with the third party recordkeeper.

<u>IRA Rollover Considerations</u>

As a normal extension of financial advice, we provide education or recommendations related to the rollover of an employer-sponsored retirement plan. A plan participant leaving employment has several options. Each choice offers advantages and disadvantages, depending on desired investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and the investor's unique financial needs and retirement plans. The complexity of these choices may lead an investor to seek assistance from us.

A Supervised Person who recommends an investor roll over plan assets into an Individual Retirement Account ("IRA") may earn an asset-based fee as a result, but no compensation if assets are retained in the plan. Thus, we have an economic incentive to encourage an investor to roll plan assets into an IRA. In most cases, fees and expenses will increase to the investor as a result because the above-described fees will apply to assets rolled over to an IRA and outlined ongoing services will be extended to these assets.

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We have to act in your best interests and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

Item 6. Performance-Based Fees and Side-by-Side Management

We do not have any performance-based or side-by-side management fee structures.

Item 7. Types of Clients

We provide financial advisory and investment advisory services to primarily affluent and high net-worth clients with investable assets in excess of $1M. We also manage assets for retirement plans (for example, 401(k) and profit-sharing plan assets) as well as foundations, non-profits, and the like, as well as broker-dealers.

Item 8. Method of Analysis, Investment Strategies and Risk of Loss

AAP utilizes a range of methods and analysis to collect and disseminate information, develop tailored investment plans, identify, evaluate, and select investments strategies and manage a client's overall assets. In all cases, we are seeking to exploit investment opportunities and mitigate risk within the investment policy authorized by each client. However, *investing in securities or investment vehicles of any kind involves risk of loss that each client should be prepared to bear.*

Investment Strategies

AAP uses various investment strategies in managing clients' assets. The investment strategy for each client is based upon the objectives identified during consultations with the client. The client may change these objectives at any time. Each client executes an Investment Policy Statement ("IPS") that documents the client's objectives and desired investment strategy. Portfolios may vary from the general asset allocation guidelines at times, provided the portfolios are still designed to meet the clients' objectives and investment strategy. Investment strategies used by AAP include long-term purchases, short-term purchases, trading, and margin transactions. AAP also offers advice to clients on investing in alternative investments, where appropriate. In executing its investment management process, AAP utilizes a five-step methodology. Each step is important to the overall process:

1. Analyze Client Time Horizon and Risk Tolerance.

2. Design the Asset Allocation Model Based on Client Profile.
3. Formalize the Investment Process through the IPS.
4. Implement the IPS through Independent Managers, Mutual Funds, ETFs, and Alternative Investments (and other securities); and
5. Monitor Independent Managers, Mutual Funds, ETFs, and Alternative Investments (and other securities).

We use a number of additional resources when working with clients, designing investment programs and preparing financial plans. Some of these sources include comprehensive manager performance tracking databases and analytics tools, macroeconomic portfolio stress testing tools, financially oriented textbooks, marketing materials from product sponsors, and information provided by an approved third party. Our Associates may also make recommendations based on specific legal, investment, and tax documents provided by you.

We, in certain situations, may recommend investments in selected private placements, including limited partnerships. These types of investments may present unique risks due to the use of leverage and potential lack of liquidity. In addition, such recommendations may be limited only to clients that are terms as “Accredited Investors”, as defined in Rule 501(a) of Regulation D in the Securities Act of 1933. These types of investments also have varied and unique fee structures on their own. Due to the unique and complex nature of these investments, clients will receive a separate disclosure prior to any investments being made.

The investment advice provided along with the strategies suggested by AAP will vary depending on each client’s specific financial situation and goals. This brief statement does not disclose all of the risks and other significant aspects of investing in financial markets. In light of the risks, you should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Certain investing strategies may not be suitable for many members of the public. You should carefully consider whether the strategies employed would be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

Recommendation of Particular Types of Securities:

As disclosed under the “Advisory Business” section in this Brochure, we provide advice on various types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

General Investment Risk:

All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

Loss of Value:

There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and governmental economic or monetary policies.

Interest Rate Risk:

Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

Credit Risk:

Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

Foreign Exchange Risk:

Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

Concentrated Position Risk:

Certain Supervised Persons may recommend that clients concentrate account assets in an industry or economic sector. In addition to the potential concentration of accounts in one or more sectors, certain accounts may, or may be advised to, hold concentrated positions in specific securities. Therefore, at times, an account may, or may be advised to, hold a relatively small number of securities positions, each representing a relatively large portion of assets in the account. As a result, the account will be subject to greater volatility than a more sector diversified portfolio. Investments in issuers within an industry or economic sector that experiences adverse economic, business, political conditions or other concerns will impact the value of such a portfolio more than if the portfolio’s investments were not so concentrated. A change in the value of a single investment within the portfolio will affect the overall value of the portfolio and will cause greater losses than it would in a portfolio that holds more diversified investments.

Preferred Securities Risk:

Preferred Securities have similar characteristics to bonds in that preferred securities are designed to make fixed payments based on a percentage of their par value and are senior to common stock. Like bonds, the market value of preferred securities is sensitive to changes in interest rates as well as changes in issuer credit quality. Preferred securities, however, are junior to bonds with regard to the distribution of corporate earnings and liquidation in the event of bankruptcy. Preferred securities that are in the form of preferred stock also differ from bonds in that dividends on preferred stock must be declared by the issuer's board of directors, whereas interest payments on bonds generally do not require action by the issuer's board of directors, and bondholders generally have protections that preferred stockholders do not have, such as indentures that are designed to guarantee payments – subject to the credit quality of the issuer – with terms and conditions for the benefit of bondholders. In contrast preferred stocks generally pay dividends, not interest payments, which can be deferred or stopped in the event of credit stress without triggering bankruptcy or default. Another difference is that preferred dividends are paid from the issue's after-tax profits, while bond interest is paid before taxes.

Risks Associated with Investing in Equities:

Investments in equities generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

Risks Associated with Investing in Mutual Funds:

Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds can be reduced by the costs to manage the funds. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns.

Risks Associated with Investing in Exchange Traded Funds (ETF):

Investing in stocks & ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

Inverse Funds:

Inverse mutual funds and ETFs, which are sometimes referred to as "short" funds, seek to provide the opposite of the single-day performance of the index or benchmark they track. Inverse funds are often marketed as a way to profit from, or hedge exposure to, downward moving markets. Some inverse funds also use leverage, such that they seek to achieve a return that is a multiple of the opposite performance of the underlying index or benchmark (i.e., -200%, -300%). In addition to leverage, these funds may also use derivative instruments to accomplish their objectives. As such, inverse funds are highly volatile and provide the potential for significant losses.

Municipal Securities Risk:

The value of municipal obligations can fluctuate over time. Value may be affected by adverse political, legislative and tax changes. Financial developments affecting the municipal issuers affect the value as well. Because many municipal obligations are issued to finance similar projects by municipalities (e.g., housing, healthcare, water and sewer projects, etc.), conditions in the sector related to the project can affect the overall municipal market. Payment of municipal obligations may depend on an issuer’s general unrestricted revenues; revenue generated by a specific project, the operator of the project, or government appropriation or aid. There is a greater risk if investors can look only to the revenue generated by the project. In addition, municipal bonds generally are traded in the “over-the-counter” market among dealers and other large institutional investors. From time to time, liquidity in the municipal bond market (the ability to buy and sell bonds readily) may be reduced in response to overall economic conditions and credit tightening.

Risks Associated with Investing in Options:

Transactions in options carry a high degree of risk. A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. The placing of certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Recommendation of Other Advisers:

In the event we recommend a third-party investment adviser to manage all or a portion of your assets, we will advise you on how to allocate your assets among various classes of securities or third-party investment managers, programs, or managed model portfolios. As such, we will primarily rely on investment model portfolios and strategies developed by the third-party investment advisers and their portfolio managers. If there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark, we may recommend changing models or replacing a third-party investment adviser. The primary risks associated with investing with a third party is that while a particular third party may have demonstrated a certain level of success in the past; it may not be able to replicate that success in future markets. In addition, as we do not control the underlying investments in third party model portfolios, there is also a risk that a third party may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. To mitigate this risk, we seek third parties with proven track records that have demonstrated a consistent level of performance and success over time. A third party's past performance is not a guarantee of future results and certain market and economic risks exist that may adversely affect an account's performance that could result in capital losses in your account. Please refer to the third-party investment adviser's advisory agreements, Form ADV Brochure, and associated disclosure documents for details on their specific investment strategies, methods of analysis, and associated risks.

Cybersecurity Risks:

Our firm and our service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes, and practices designed to protect networks, systems, computers, programs, and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate; however, unintentional events may have similar effects. Cyber-attacks may cause losses to clients by interfering with the processing of transactions, affecting the ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose our firm to civil liability as well as regulatory inquiry and/or action. In addition, clients could be exposed to additional losses as a result of unauthorized use of their personal information. While our firm has established a business continuity plan and systems designed to prevent cyber- attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for issuers of securities, investment companies and other investment advisers in which we invest, which could result in material adverse consequences for such entities and may cause a client's investment in such entities to lose value.

Environmental, Social, and Governance Investment Criteria Risk:

If a portfolio is subject to certain environmental, social and governance (ESG) investment criteria it may avoid purchasing certain securities for ESG reasons when it is otherwise economically advantageous to purchase those securities, or may sell certain securities for ESG reasons when it is otherwise economically advantageous to hold those securities. In general, the application of the portfolio's ESG investment criteria may affect the portfolio's exposure to certain issuers, industries, sectors and geographic areas, which may affect the financial performance of the portfolio, positively or negatively, depending on whether these issuers, industries, sectors or geographic areas are in or out of favor. An adviser can vary materially from other advisers with respect to its methodology for constructing ESG portfolios or screens, including with respect to the factors and data that it collects and evaluates as part of its process. As a result, an adviser's ESG portfolio or screen may materially differ from or contradict the conclusions reached by other ESG advisers concerning the same issuers. Further, ESG criteria are dependent on data and are subject to the risk that such data reported by issuers or received from third-party sources may be subjective, or it may be objective in principle but not verified or reliable.

Risks Associated with Investing in Inverse and Leveraged Funds:

Leveraged mutual funds and ETFs generally seek to deliver multiples of the daily performance of the index or benchmark that they track. Inverse mutual funds and ETFs generally seek to deliver the opposite of the daily performance of the index or benchmark that they track. Inverse funds often are marketed as a way for investors to profit from, or at least hedge their exposure to onward-moving markets. Some Inverse funds are both inverse and leveraged, meaning that they seek a return that is a multiple of the inverse performance of the underlying index. To accomplish their objectives, leveraged and inverse funds use a range of investment strategies, including swaps, futures contracts, and other derivative instruments. Leveraged, inverse, and leveraged inverse funds are more volatile and riskier than traditional funds due to their exposure to leverage and derivatives, particularly total return swaps and futures. At times, we will recommend leveraged and/or inversed funds, which may amplify gains and losses.

Most leveraged funds are typically designed to achieve their desired exposure on a daily (in a few cases, monthly) basis, and reset their leverage daily. A "single day" is measured from the time the leveraged fund calculates its net asset value ("NAV") to the time of the leveraged fund's next NAV calculation. The return of the leveraged fund for periods longer than a single day will be the result of each day's returns compounded over the period. Due to the effect of this mathematical compounding, their performance over longer periods of time can differ significantly from the performance (or inverse performance) of their underlying index or benchmark during the same period of time. For periods longer than a single day, the leveraged fund will lose money when the level of the Index is flat, and the leveraged fund may lose money even if the level of the Index rises. Longer holding periods, higher index volatility, and greater leverage all exacerbate the impact of compounding on an investor's returns. During periods of higher Index volatility, the volatility of the Index may affect the leveraged fund's return as much as or more than the return of the Index itself. Therefore, holding leveraged, inverse, and leveraged inverse funds for longer periods of time increases their risk due to the effects of compounding and the inherent difficulty in market timing. Leveraged funds are riskier than similarly benchmarked funds that do not use leverage. Non-traditional funds are highly volatile and not suitable for all investors. They provide the potential for significant losses.

Risks Associated with Investing in Buffer ETFs:

Buffer ETFs are also known as defined-outcome ETFs since the ETF is designed to offer downside protection for a specified period of time. These ETFs are modeled after options-based structured notes, but are generally cheaper, and offer more liquidity. Buffer ETFs are designed to safeguard against market downturns by employing complex options strategies. Buffer ETFs typically charge higher management fees that are considerably more than the index funds whose performance they attempt to track. Additionally, because buffer funds own options, they do not receive dividends from their equity holdings. Both factors result in the underperformance of the Buffer ETF compared to the index they attempt to track. Clients should carefully read the prospectus for a buffer ETF to fully understand the cost structures, risks, and features of these complex products.

Risks Associated with Variable Annuities:

Clients should also note that the annuity sales result in substantial up-front commissions and ongoing trails based on the annuity’s total value. In addition, many annuities contain surrender charges and/or restrictions on access to your funds. Payments and withdrawals can have tax consequences. Optional lifetime income benefit riders are used to calculate lifetime payments only and are not available for cash surrender or in a death benefit unless specified in the annuity contract. In some annuity products, fees can apply when using an income rider. Annuity guarantees are based on the financial strength and claims-paying ability of the issuing insurance company. We urge our clients to read all insurance contract disclosures carefully before making a purchase decision. Rates and returns mentioned on any program presented are subject to change without notice. Insurance products are subject to fees and additional expenses.

Structured Notes:

Below are some specific risks related to the structured notes recommended by our firm:

• Complexity: Structured notes are complex financial instruments. Clients should understand the reference asset(s) or index(es) and determine how the note's payoff structure incorporates such reference asset(s) or index(es) in calculating the note's performance. This payoff calculation may include leverage multiplied by the performance of the reference asset or index, protection from losses should the reference asset or index produce negative returns, and/or fees. Structured notes may have complicated payoff structures that can make it difficult for clients to accurately assess their value, risk and potential for growth through the term of the structured note. Determining the performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Payoff structures can be leveraged, inverse, or inverse-leveraged, which may result in larger returns or losses. Clients should carefully read the prospectus for a structured note to fully understand how the payoff on a note will be calculated and discuss these issues with our firm.

• Market risk: Some structured notes provide for the repayment of principal at maturity, which is often referred to as "principal protection." This principal protection is subject to the credit risk of the issuing financial institution. Many structured notes do not offer this feature. For structured notes that do not offer principal protection, the performance of the linked asset or index may cause clients to lose some, or all, of their principal. Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, and/or market volatility.

• Issuance price and note value: The price of a structured note at issuance will likely be higher than the fair value of the structured note on the date of issuance. Issuers now generally disclose an estimated value of the structured note on the cover page of the offering prospectus, allowing investors to gauge the difference between the issuer's estimated value of the note and the issuance price. The estimated value of the notes is likely lower than the issuance price of the note to investors because issuers include the costs for selling, structuring, and/or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes may not be re-sold on a daily basis and thus may be difficult to value given their complexity.

• Liquidity: The ability to trade or sell structured notes in a secondary market is often very limited, as structured notes (other than exchange-traded notes known as ETNs) are not listed for trading on securities exchanges. As a result, the only potential buyer for a structured note may be the issuing financial institution's broker-dealer affiliate or the broker-dealer distributor of the structured note. In addition, issuers often specifically disclaim their intention to repurchase or make markets in the notes they issue. Clients should, therefore, be prepared to hold a structured note to its maturity date or risk selling the note at a discount to its value at the time of sale.

• Credit risk: Structured notes are unsecured debt obligations of the issuer, meaning that the issuer is obligated to make payments on the notes as promised. These promises, including any principal protection, are only as good as the financial health of the structured note issuer. If the structured note issuer defaults on these obligations, investors may lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that may be due on the structured notes.

Item 9. Disciplinary Information

AAP or its management persons have not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

We provide the following non-investment advisory services to Clients:

• Family Office Services: These services include tax planning, insurance planning, multi-generational wealth transfer planning, family foundation management, philanthropic planning and general family governance

• Family Coaching Services: These services include life transition planning, family business and wealth assessment, transition planning and beneficiary coaching

• Corporate Consulting Services: These services include business succession planning, executive coaching, mergers and acquisitions advice and talent acquisition advice

Clients are advised that the fees paid to the firm for advisory services are separate and distinct from fees earned for non-advisory services. Clients to whom the firm offers advisory services are informed that they are under no obligation to utilize our firm for these services. Currently, we expect to generate less than 5% of its revenue from these non-advisory services.

Registered Representatives of Broker Dealer

Some of AAP's *Supervised Persons* are registered representatives (RR) of Kingswood Capital Partners, LLC (formerly *Chalice Capital Partners, LLC),* a third-party broker dealer that provides clients with securities brokerage services under a separate commission-based arrangement. AAP does not receive any transaction-based compensation from this activity. If trades are executed on behalf of any AAP client, the client is informed of the capacity in which the Supervised Person is acting, and that the Supervised Person is not acting as an investment advisor representative of AAP.

AAP has an agreement with another broker-dealer to provide investment advisory services to Brokerage Customers. The broker-dealer provides compensation to AAP for providing investment advisory services to Customers. Brokerage Customers will execute a written advisory agreement directly with AAP.

The relationship presents conflicts of interest. Potential conflicts are mitigated by Brokerage Customers consenting to receive investment advisory services from AAP; by AAP not accepting or billing for additional compensation on broker-dealers' AUM beyond the advisory fees disclosed in Item 5; and by AAP not engaging as, or holding itself out to the public as a securities broker-dealer. AAP is not affiliated with any broker-dealer.

Material Relationships or Arrangements with Industry Participants

Schechter Private Capital (SPC)

Schechter Private Capital, LLC ("SPC", formerly Maple Woodward Capital, LLC) was formed in 2016 with the intention of serving as Manager and/or General Partner and Investment Advisor to select private fund ("SPC Funds"). Currently, SPC serves as the Manager and Advisor to the various series of Schechter Private Capital Fund I, LLC which, through various series, pursues certain venture capital and private-equity strategies. *SPC's owners are Marc Schechter (one of AAP's Partners), Aaron Hodari (one of AAP's partners), and Jason Zimmerman (Members). Marc Schechter controls SPC.*

AAP may advise its clients on investments in SPC Funds for their portfolios. SPC does not offer direct incentive compensation to AAP IARs for recommending AAP client investments in SPC Funds/Series. Such restrictions are designed to prevent incentives that AAP and its IARs, or other related persons, might have to recommend investments in SPC Funds or Series that may not be a suitable investment based on, among other things, a potential investor's overall financial goals, objectives, and investment risk tolerance. There is a potential conflict whereby SPC's owner, Marc Schechter who is also a partner in AAP could direct its IARs to sell SPC Funds to their clients. In addition, there is a familial relationship between a Special Member of various SPC fund investment Series (each a "Series or "Fund"), Noah Bremen and Marc Schechter who is the principal of the Manager of the various Funds. Noah Bremen is the first cousin of Marc Schechter. Common provisions in various Funds provide that the Managers may contract, via side letter, to have a special right to consult with one or more other persons or entities concerning certain Series fundamental investment decisions (including possible exit strategies) or obtained special assistance from one or more other persons or entities in connection with the Fund. If so, the Manager may designate such person or entity as a Special Member ("Special Member") of that Series. In such a role, a Special Member may (depending on the performance of the Series) be allocated and have distributed to itself and/or one or more designed, "carried interest" that would otherwise be allocated to the Manager. A conflict exists because as a Special Member, Mr. Bremen receives allocations of "carried interest" that would otherwise be made to the Manager.

Allocating any money to another source, like Noah Bremen, could suggest that the Manager's economic incentive to allocate his attention, time and effort in managing such Series may be somewhat diminished. However, on a practical basis, percentages of "carried interest" being allocated to Mr. Bremen are modest and a potential counterbalancing benefit to SPC and applicable Series is being obtained by securing his assistance.

AAP IARs who are also registered with Kingswood Capital Partners, LLC, may receive direct compensation through Kingswood for clients' investments in SPC Funds.

All AAP investment decisions, including recommendations to invest in any SPC Fund/Series, made by an IAR of AAP, are made in accordance with the AAP client's applicable investment goals and objectives. While the activities of certain key AAP and SPC staff will continue to overlap, the activities of Supervised

Persons associated with both AAP and SPC are monitored and reviewed by their respective supervisors, and the AAP Investment Committee as set forth in AAP's ADV Part 2B.

For additional details, Clients are invited to review SPC Form ADV Part 1A and Form ADV Part 2A, which are both available on request or via https://adviserinfo.sec.gov/firm/summary/289491 and contain disclosures applicable to investors in SPC Funds.

First Pacific Financial Group, Inc.

We may recommend that you use a third-party investment adviser or program as part of our asset allocation and investment strategy. In cases where the recommended third party is The Pacific Financial Group, Inc., we will share in the compensation received by the third-party investment adviser. As such, we are incentivized to recommend investment advisers from whom we receive solicitor/referral fees as opposed to other investment advisers from whom we do not receive such fees. We conduct ongoing due diligence on investment advisers we recommend. In the event that a recommended investment adviser is not meeting the standards that we believe meet your needs, we will seek other investment advisers that we believe will better fit your specific management needs.

CAIS Capital, LLC

AAP sometimes will recommend and facilitate investments on behalf of clients in alternative investments. Investments in alternatives are sometimes made through the platform of CAIS Capital LLC ("CAIS"), a registered broker-dealer. *CAIS is described in more detail under Item 4. Advisory Business.* Aaron Hodari, AAP'ss Managing Director, sits on the advisory council for CAIS with other industry professionals. The purpose of the AAP advisory council is to strategize on the direction of CAIS into the future. Mr. Hodari receives no compensation for this role, but may be reimbursed for travel, lodging, and entertainment while attending advisory council meetings.

AAP first used CAIS for alternative fund access in 2015. After this time, SPC made an investment in CAIS Holdings from a series of the private fund, Schechter Private Capital Fund I, LLC in early 2019. SPC's fund earns performance fees on the success of the underlying investments. CAIS generates revenue from subscriptions to funds on their platform and transactions they help facilitate in other investment or service-related engagements. There is a potential conflict whereby AAP could direct client transactions with CAIS to support the SPC investment. AAP principals believe the prior relationship with CAIS clearly indicates the business decision on behalf of AAP to work with CAIS is irrespective of the SPC investment. Further, the principals of both AAP and SPC act as fiduciaries to their clients and make investment recommendations based on the client's best interest.

AAP Clients Financial Industry Relationships

AAP has a broad range of clients, numerous of whom work in the financial services industry. Certain clients may work at financial firms which AAP also recommends products and/or services provided by such firms to its other clients. This represents a potential conflict of interest as AAP advisors may have an incentive to direct their clients to invest in products managed by firms where their other clients are employed. Although AAP advisors would receive no compensation for such referrals, they maybe incentivized to make referrals in order to retain their clients who are employed by other firms.

AAP advisors act as a fiduciary when selecting investments and service providers for client portfolios which helps to mitigate this potential conflict of interest. Further, portfolios advisors built for clients are reviewed by other advisors through our supervision procedure to ensure advisors are fulfilling their fiduciary duty.

AAP Compensated as Placement Agents of Kingswood Capital Partners, LLC

Schechter Private Capital (SPC), utilizes certain IARs of affiliate AAP, who are also RRs of Kingswood to act as non-exclusive finder and placement agent to refer and introduce prospective investors to an SPC private fund or series investment. This represents a material conflict of interest as AAP IARs are incentivized to recommend client investments in SPC funds due to the compensation the IAR would receive in their capacity as an RR of Kingswood. AAP mitigates this conflict by monitoring AAP client investments in SPC funds, and training IARs operating in this "dual capacity" to understand their fiduciary duty to always put client interests above their own.

Outside Investments with AAP Clients

Marc Schechter, indirect owner of AAP, shares joint ownership with several AAP clients in multiple unrelated limited liability companies, each created for the purpose of acquiring interest in private companies or real estate ventures that are not offered or recommended to other AAP clients. This relationship represents a material conflict of interest, as Mr. Schechter is incentivized to potentially favor these AAP clients for more favorable treatment or investment opportunities, which could put certain client interests above those of other AAP clients. AAP mitigates this conflict by supervising the IARs who advise these clients and requiring Compliance Committee pre-approval of any of Mr. Schechter's future investments in private companies or real estate ventures Mr. Schechter incorporates.

Receipt of Insurance Commission

Certain AAP Supervised Persons are licensed insurance agents of Simon Davis Brokerage Services as well as Robert Schechter & Associates and, in such capacity, may recommend, on a fully disclosed commission basis, the purchase of certain insurance products. While AAP does not sell such insurance products to its investment advisory clients, AAP does permit its Supervised Persons, in their individual capacities as licensed insurance agents, to sell insurance products to its advisory clients. A conflict of interest exists to the extent that AAP recommends the purchase of insurance products in which AAP's Supervised Persons receive insurance commissions or other compensation. AAP mitigates this conflict of interest through on-going supervision and training designed to ensure that recommendations are made in the client's best interest.

Certain Personnel of AAP and Outside Business Activities

Certain employees and other personnel at AAP have positions/roles at financial institutions and entities other than as specifically noted above. From time to time, AAP may make use of such entities, either directly or in connection with client accounts and may refer clients to such entities. To the extent that AAP makes a referral to such an entity or makes material use of such an entity in connection with a client account and believes that a material conflict of interest may exist in such situation, it will be noted to the applicable client and the client given the option, to the extent feasible, select an alternative. See Item 11. Code of Ethics for more information concerning certain related matters.

Our IARs may have their own legal business entities whose business names and logos may appear on marketing materials as approved by us or client statements as approved by the respective client custodian. The client should understand that the businesses are legal entities of the Investment Advisory Representative and not of our firm or the custodian(s). Investment Advisory Services of the Investment Advisory Representatives are provided exclusively through AAP.

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

AAP has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons which refer to the Firm's officers, partners, directors, (or other persons occupying a similar status or performing similar functions) employees or other persons who provide investment advice subject to the Firm's supervision and control. AAP's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients to take advantage of pending orders. Clients and prospective clients may contact AAP at 303-633-5900 or to info@araxadvisorypartners.com to request a copy of its Code of Ethics.

The Code of Ethics also requires AAP's Supervised Persons who are designated as "Access Persons" are required to report their personal securities holdings on a quarterly basis and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, AAP Access Persons are permitted to buy or sell securities that it also recommends to clients, if done in a manner consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by Access Persons to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

While the Firm is considering a securities transaction on behalf of a client, no Access Person may knowingly affect for themselves or for their immediate family, a transaction in that security unless: (i) the client transaction has been completed; (ii) the transaction for the Access Person is completed as part of a block trade (as defined below in *Item 12*) with clients; or (iii) a decision has been made not to engage in the transaction for the client. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high-quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds. Neither AAP nor any of its employees buy securities from our clients.

Specific to ERISA, IRA, Roth IRA, Keogh, or 401K accounts ("Retirement Investor"), AAP confirms that with respect to Retirement Investors, it is acting as a fiduciary as defined by the Department of Labor and that advice is based on the particular investment needs of the advice recipient. As a fiduciary, AAP complies with the following Impartial Conducts Standards: (i) AAP will act in the best interest of client. This is defined as acting with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk tolerance, financial circumstances and needs of the Retirement Investor, without regard to the financial or other interests of AAP, or any affiliate, related entity or other party. (ii) Compensation received by AAP (or its affiliates or related entities) with respect to any recommended transactions will be reasonable. (iii) AAP and its employees will not make any materially misleading statements to the Retirement Investor about recommended transactions, fees and compensation, conflicts of interest and any other matters relevant to the Retirement Investor's investment decisions.

Item 12. Brokerage Practices

AAP generally recommends that clients utilize the brokerage and clearing services of the qualified custodians it recommends for investment management accounts. Factors which AAP considers in recommending its qualified custodians or any other broker dealer to clients include their respective financial strength, reputation, execution, pricing, research, and overall service. Our current custodians enable AAP to obtain a wide variety of mutual funds without transaction charges as well as other securities at no or nominal transaction charges.

Best Execution

The commissions paid by AAP's clients comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to affect the same transaction where AAP determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the Financial Institution's range of services, including, execution capability, commission rates, and general responsiveness. AAP seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

AAP periodically reviews its recommendation of Financial Institutions in the context of its duty to obtain best execution. Clients are provided with the opportunity to direct AAP to use a specific Financial Institution to execute some or all transactions for their account. In such cases, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to "block" client transactions for execution through other Financial Institutions with orders for other accounts managed by AAP (as described below). As a result, the client may pay higher commissions or other transaction costs, greater spreads, or may receive less favorable net prices on transactions for the account than would otherwise be the case. AAP may decline a client's request to direct brokerage if, in the Firm's sole discretion, such an arrangement would result in operational difficulties or violate restrictions imposed by other broker-dealers.

Block Trading

Transactions for each client generally will be affected independently unless AAP decides to purchase or sell the same securities for several clients at approximately the same time. In the latter situation, AAP may (but is not obligated to) combine or "block" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among AAP's client's differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. When we choose to combine or "block" orders, transactions will generally be averaged as to price and allocated among AAP's clients pro rata to the purchase and sale orders placed for each client on any given day. AAP does not receive any additional compensation or remuneration as a result of the aggregation.

If AAP determines that a prorated allocation is not appropriate under the particular facts and circumstances, the allocation will be made according to other relevant factors, which could include: (i) in a situation where only a small percentage of the order is executed, shares may be allocated to the account with the smallest order, or the smallest position, or to an account that is out of line with respect to security or sector weightings relative to other portfolios with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines, which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, AAP may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Commissions or Sales Charges for Recommendations of Securities

As discussed above, certain Supervised Persons in their respective individual capacities are registered representatives of Kingswood and/or USCW. These Supervised Persons are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless Kingswood and/or USCW provides written consent. Therefore, clients are advised that certain Supervised Persons may be restricted to conducting securities transactions through Kingswood and/or USCW if they have not secured written consent from Kingswood and/or to execute securities transactions though a different broker-dealer. Absent such written consent or separation from Kingswood and/or USCW, these Supervised Persons are prohibited from executing securities transactions through any broker-dealer other than Kingswood and/or USCW under Kingswood and/or USCW internal supervisory policies. AAP is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

Software and Support Provided by Financial Institutions

AAP may receive from its qualified custodians, without cost to AAP or its clients, computer software and related systems support, which allow AAP to better monitor client accounts maintained at its qualified custodians. AAP may receive the software and related support without cost because AAP renders investment management services to clients that maintain assets at its qualified custodians. The software and support are not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit AAP, but not its clients directly. In fulfilling its duties to its clients, AAP endeavors at all times to put the interests of its clients first. Clients should be aware; however, that AAP's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence AAP's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

AAP may receive the following benefits from its qualified custodians: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its qualified custodians; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

AAP may receive benefits from independent third-party managers from time to time including small gifts, meals, and conference attendance along with other travel-related benefits. All AAP Supervised Persons are required to seek pre-approval from the Compliance Department for all such benefits prior to accepting them. All AAP Supervised Persons must always act as a fiduciary to clients and may not factor such benefits into investment and portfolio decisions.

Clients invested in the Managed Accounts Program and the GoalLink Program developed by SEI Investments Management Corporation ("SIMC"), are required to custody accounts with SEI Trust Company, a wholly owned subsidiary of SEI Investments. Trades executed through SEI for SEI funds are placed free of charge, as an accommodation to Clients. However, accounts may be subject to an annual custodial fee. The exact fee will be listed in SEI's account opening document.

Item 13. Review of Accounts

For those clients to whom AAP provides investment management services, AAP monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least an annual basis with clients. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with AAP and its Supervised Persons and to keep AAP informed of any changes thereto.

For those clients to whom AAP provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are custodied. As requested, clients may also receive written or electronic reports from AAP and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they receive from AAP or an outside service provider. Those clients to whom AAP provides financial planning and/or consulting services will receive reports from AAP summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by AAP.

Item 14. Client Referrals and Other Compensation

Compensation for Client Referrals

If a client is introduced to AAP by someone other than a client, AAP may compensate that person in accordance with the requirements of Rule 206(4)-1 under Part 275-Rules and Regulations, Investment Advisers Act of 1940 and any corresponding state securities law requirements. We enter into promoter relationships with individual ("promoters") who in turn offer our services to members of the public. We have agreed to pay the individual promoters a portion of the advisory fee that we receive under the investment management agreement entered into by us and each client referred to us by the promoter. We have also agreed not to charge costs greater than the fees or costs we charge our advisory clients who were not introduced to us by a promoter, and who have similar portfolios under management with us. The fee is paid pursuant to a written agreement and this information is disclosed to Clients prior to, or at the time, of entering into an investment advisory agreement.

Ramsey Solutions –SmartVestor™

We have entered into an advertising agreement with Ramsey Solutions ("RS") whereby RS provides online advertising services in exchange for a flat monthly marketing fee. The services include advertising space on RS's web-based SmartVestor™, lists assigned to particular geographic markets, use of the SmartVestor™ marks in advertising, and the provision of other marketing materials. Potential clients using the SmartVestor™ site may select and choose to contact our Supervised Persons for services.

Other Economic Benefits

AAP is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. Some AAP representatives may also be licensed insurance agents. AAP does not receive an economic benefit; however, the individual investment advisor representative may receive compensation for acting as insurance agents or making insurance related referrals to Schechter Wealth Services and/or SimonDavis Brokerage Services.

AAP may receive economic benefits in the form of research and educational services and analytical software tools from Callan that it uses to manage its clients' accounts at reduced or wholly waived fees based upon fees received by Callan that are attributable to AAP-clients' assets in the Callan UMA program. In addition, Callan has waived an annual retainer for its services that would be charged to AAP based upon the revenue Callan receives from AAP clients participating in the UMA program.

Item 15. Custody

A separate account is maintained for you with the "Custodian". You will be provided with at least a quarterly statement from the custodian containing a description of all activity in your account. You will receive, through confirmation from the custodian, a notice of all transactions in your account.

Our investment advisory clients will receive no less than quarterly statements detailing account activity, holdings and balances.

You should carefully review the statements you receive from the qualified custodian against any personal knowledge you have of your account(s) and any information provided to you by our firm. This will assist you in determining whether, or not, account transactions, advisory fees and otherwise are accurate.

Per Rule 206(4)-2 of the Investment Advisers Act of 1940, we are deemed to have custody of certain client accounts where standing letters of authorization (SLOAs) may exist. The determination of this custody is based on the structure of each SLOA. We conduct regular and ongoing audits of all of the SLOAs across the firm to determine which accounts we are deemed to have custody for and follows all associated SEC rules and guidelines for that custody.

Item 16. Investment Discretion

AAP may be given the authority to exercise discretion on behalf of clients. AAP is considered to exercise investment discretion over a client's account if it can affect transactions for the client without first having to seek the client's consent. AAP is given this authority through a power-of-attorney included in the investment management agreement between AAP and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). AAP takes discretion over the following activities:

- The securities to be purchased or sold
- The amount of securities to be purchased or sold; and
- When transactions are made

Item 17. Voting Client Securities

We do not vote, in general will not accept the authority to vote, nor advise how to vote, proxies for securities held in your account(s). Proxies are sent directly to you from the company or via your custodian either by mail or electronically depending on how you set up your account.

For questions regarding proxies and for additional details regarding our proxy procedures please contact our office at 303-633-5900; or, by email at: info@araxadvisorypartners.com.

Class Action Lawsuits

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Adviser has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Adviser also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Adviser has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct or negligence by corporate management of issuers whose securities are held by clients.

Item 18. Financial Information

We are required in this Item to provide you with certain financial information or disclosures about our financial condition. We does not require the prepayment of over $1,200, six or more months in advance. Additionally, we don’t have any financial commitments that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.