

**Item 1 Cover Page**

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**Firm Brochure**

**Form ADV Part 2A**

**October 11, 2023**

**This Firm Brochure provides information about the qualifications and business practices of Palladiem, LLC (“Palladiem”). If you have any questions about the contents of this brochure, please contact Palladiem at (888) 886-4122. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about Palladiem is available at the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). (Click on the link, select “investment adviser firm” and type in “Palladiem”). Results will provide you with both Part 1 and 2A of Palladiem’s Form ADV.**

Palladiem is a registered investment adviser with the SEC. SEC registration does not imply a certain level of skill or training.

## Item 2 Material Changes

From time to time, Palladium may amend this Disclosure Brochure to reflect changes in the firm's business practices, changes in regulations and for routine annual updates as required under the Investment Advisers Act of 1940, as amended (the "Advisers Act") or the rules adopted by the U.S. Securities & Exchange Commission ("SEC"). This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of Palladium or in other information set forth herein.

Below are the material changes since Palladium's last annual update on March 29, 2023:

- **Item 4 Advisory Business:** Update to reflect Palladium was acquired by OAR Financial, LLC on September 12, 2023.
- **Item 10 Other Financial Industry Activities and Affiliations:** Updated to disclose no material financial industry activities and affiliations.

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## **Item 4 Advisory Business**

### **About Palladiem**

Palladiem, LLC (“Palladiem”) is an investment advisory firm founded in August 2011. On September 12, 2023, OAR Financial, LLC acquired Palladiem. The principal owner is OAR Financial, LLC, a wholly owned subsidiary of IDX Global.

As of December 31, 2022, Palladiem managed \$126,034,573 on a discretionary basis and \$464,394,025 on a non-discretionary basis.

### **Investment Advisory Services**

Palladiem’s investment philosophy is founded on fundamental investment principles. We manage diversified, multi-asset class portfolios that include a variety of styles, strategies, and investment vehicles. We tend to favor investments at discounts to conservative estimates of their intrinsic value. As global investors, we search for investments across markets as we seek to improve risk-adjusted performance. We believe this approach has the potential to outperform relevant benchmarks on a risk-adjusted basis over the long term. See Item 8 for a further discussion.

Palladiem provides discretionary and non-discretionary investment advisory services to institutional and high net worth investors in the form of separate accounts through financial intermediaries. We also provide our services to other investment advisers through sub-advisory Agreements.

### **Discretionary Investment Management**

Palladiem manages Palladiem Investment Portfolios (“PIPs”), a product that typically includes mutual funds, exchange-traded funds (“ETFs”) and individual equity securities. In this product, Palladiem has full investment discretion as it pertains to the asset and style allocation, investment vehicle discretion, portfolio construction, and trading and tax management, if applicable.

In addition, Palladiem provides portfolio management services in dual contract programs, where a third party is the broker-dealer and custodian. Client level advice in the dual contract programs is provided by a Consultant.

Palladiem offers its discretionary services to institutions, which may elect to market our product under another name. In these cases, it will be disclosed on marketing materials that Palladiem is the portfolio manager of such product.

Palladiem has entered into a relationship with IDX Advisors whereby Palladiem manages discretionary portfolios for IDX. IDX offers its index modeling services to Palladiem, LLC on a sub-advisory basis. Palladiem pays IDX a portion of the management fee in exchange for sub-advisory services. These portfolios are labeled as “Palladiem IDX Index” Portfolios.

### **Non-Discretionary Investment Management**

Palladiem provides non-discretionary investment advisory services to clients whereby we provide third-party firms with recommendations to assist the firm in the development of one or more portfolios for its clients. Palladiem’s role is limited to providing research and portfolio recommendations to the firm, which may take the form of providing model portfolios to the third-party firm. In certain cases, these model portfolios may be customized to meet certain objectives or constraints dictated by the third-party firm.

In these cases, clients are customers of the third-party firm, and not clients of Palladiem. Palladiem generally uses the same sources of information and investment/research personnel as we use to

manage our discretionary client accounts that have similar investment objectives. Program account performance may be adversely affected depending on when the advice was given, or the actions taken by the third-party firm on program accounts. The firm may receive or act upon our model portfolio at their discretion which may be before, concurrently, or after we take similar actions for our discretionary client accounts. As a result, the third-party firm and Palladium may compete for execution quality, price, or timing.

### **Institutional Investment Services**

Palladium provides investment advisory and management services to domestic “Institutional Clients” which may include individuals, high net worth individuals, investment consultants, banks, family offices, insurance companies, retirement or pension funds, hedge funds and mutual funds. Palladium performs services which may consist of:

- Capital market assumptions
- Asset allocation recommendations
- Factsheets for all Palladium models
- Investment vehicle due diligence
- Ongoing market commentary
- Investment committee participation

Palladium, in conjunction with the Institutional Client, will have ongoing responsibility for assisting and evaluating other investment managers, mutual funds, off-shore funds, exchange-traded funds (“ETFs”), and non-liquid hedge funds, and also making investment recommendations based on client objectives, risk tolerance, time horizon, liquidity needs, and other account profile information which is provided to Palladium by the Institutional Client.

Palladium may assist in determining the purchase and sale of certain securities, by indicating to the Institutional Client timing recommendations of purchases or sales of certain mutual funds and hiring or termination of investment managers. Generally, the Institutional Client will facilitate the execution of the transactions recommended by Palladium for its client accounts when clients accept such transactions. Generally, the Institutional Client informs Palladium when the client or the firm chooses not to accept any recommendation or selection.

This service is sometimes referred to as “Outsourced Chief Investment Officer,” “Outsourced CIO,” or “OCIO.”

### **Portfolio Selection**

Your account is tailored to your specific investment goals and objectives. After your Consultant collects financial and personal information from you, you and your Consultant decide on one of the portfolios offered through one of the PIPs products. Certain Consultants may use software and research provided by Palladium, a broker-dealer, or a Sponsor to assist you in identifying your goals.

### **Requirements for Investment Restrictions**

You may put reasonable restrictions on the types of securities to be bought and sold in your account. However, Palladium, in its sole discretion, may determine that it cannot accept your requested restriction if, in its sole determination, the restriction prevents Palladium from feasibly managing the account in accordance with the selected portfolio guidelines. Requests for restrictions must be provided to Palladium in writing.

### **Unified Managed Account Program (UMAP) - Portfolio Overlay**

The UMAP offers filtered access to active investment manager portfolio signals that have been screened by Palladium and integrated into the total investment portfolio with discretionary trading authority. Palladium coordinates the opening of a single-custodian UMAP account for its clients

and creates customized individual manager allocations. This is done on a per-account basis in order to construct multi-asset class investment strategies (“Investment Strategies”) for the purpose of managing assets in accordance with clients’ investment objectives, policies, risk tolerance and limitations.

**Overlay Portfolio Management Services Fees & Compensation:** Fees paid to Palladium for its overlay portfolio management services to client accounts are negotiated between Palladium and the program sponsor/program coordinator. The client account minimum for a program account that is managed using Palladium’s overlay portfolio management services is generally set by the program sponsor. Please refer to the disclosure documents of the program sponsors for a list of fees and expenses charged for such services. A client will also incur additional fees such as custody, brokerage, accounting, sponsor due diligence or other applicable program fees. Generally, fees paid to Palladium are calculated as a percentage of assets.

Palladium offers a UMAP that is designed to provide financial advisors and their clients with access to a universe of model managers and investment strategies in the form of model portfolios implemented by Palladium in a single account maintained by a qualified custodian. Under the program, both Palladium and Advisors select model managers and specific investment strategies for the portfolio in order to meet each client’s needs. Once an asset allocation is set, Palladium provides overlay management services for the portfolio and implements trade orders based on the recommendations of the selected model managers. Advisors and/or clients pay a single sub-advisory fee to Palladium for its overlay services. Palladium’s fee does not include fees for the client manager, custodial services or brokerage commissions and other fees and expenses resulting from securities transactions.

## Item 5 Fees and Compensation

Palladium's advisory fees are calculated as an annual percentage of assets based on the value of the account at the time of billing and are set out in the written agreement between you and the firm. Palladium reserves the right to negotiate fees and we may manage certain accounts without an advisory fee, such as accounts of employees, former employees, employees' affiliates or their relatives. You may pay more or less than other clients depending on certain factors, such as if you have another account with us or if we negotiate different fees with you.

### Discretionary Investment Management

For Discretionary Investment Management, the standard advisory fee for the PIPs product is listed below. Fees are calculated as an annual percentage of assets based on the value of the account.

Account Market Value	Annual Advisory Fee
Up to \$500,000	0.55% - 0.60%
\$500,001 - \$1,000,000	0.50% - 0.55%
\$1,000,001 - \$2,000,000	0.48% - 0.53%
\$2,000,001 - \$5,000,000	0.45% - 0.50%
Over \$5,000,000	0.40% - 0.45%

Dual Contract Program: In Dual Contract Programs, Palladium is paid the advisory fee shown in the table above, which does not include the fees for brokerage commissions, consulting services, referral fee (if applicable), or custodial charges. For dual contract programs, generally, the custodian typically will deduct the PIPs advisory fee, quarterly in advance, from the account or other custodial account, in accordance with your directions to the custodian. Palladium's advisory fees are calculated as an annual percentage of assets based on the value of the account at the time of billing. Palladium's minimum annual advisory fee for a dual contract program account is \$500. At its discretion, Palladium may choose to negotiate the PIPs advisory fee with a client in a dual contract program. If an account is terminated from Palladium within the quarter, Palladium will send a rebate check for the days in the quarter the account was not under our management.

### Non-Discretionary Services

Our fees for non-discretionary management services are negotiated based on level of services provided and size of relationship.

### Institutional Investment Services

Palladium's standard fee schedule for Institutional Investment Services is listed below. Fees are generally charged quarterly in advance, based on the account's market value provided by the custodian. At its discretion, Palladium may choose to negotiate the Institutional Investment Service Fee with clients depending on the level and scope of services provided. Palladium will generally charge a minimum annual fee of \$35,000 for Institutional Investment Services. In certain cases, Palladium may charge a hard dollar amount for specific projects or services. If an account is terminated from Palladium within the quarter, Palladium will send a rebate check for the days in the quarter the account was not under our management.

Account Market Value	Annual Advisory Fee
Up to \$100 Million	0.30%
\$100 Million - \$250 Million	0.28%
\$250 Million - \$500 Million	0.25%
Over \$500 Million	Negotiable

## Palladium IDX Index Portfolios

<b>Account Market Value</b>	<b>Annual Advisory Fee</b>
0- \$1,000,000	0.45% - 0.50%
\$1,000,001 - \$5,000,000	0.40% - 0.45%
\$5,000,001 - \$10,000,000	0.35% - 0.40%
\$10,000,001 +	0.30% - 0.35%

## Palladium IDX Index Portfolios (Risk Managed Cryptocurrency COIN)

<b>Account Market Value</b>	<b>Annual Advisory Fee</b>
0- \$10,000,000	1.85%
\$10,000,001 +	Negotiable

## Palladium IDX Index Portfolios (Risk Managed Gold GRIN)

<b>Account Market Value</b>	<b>Annual Advisory Fee</b>
0- \$10,000,000	65%
\$10,000,001 +	Negotiable

### **Other Fees and Expenses**

In addition to the fees payable to Palladium, there will be other costs assessed which are not included in the fees described above, such as fees, expenses and charges levied by mutual funds, ETFs, and money market mutual funds, costs associated with the purchase, sale, and marketing of certain mutual funds and other similar securities held in your account, dealer mark-ups, odd lot differentials, exchange or auction fees, transfer taxes, any fees imposed by the SEC, electronic fund and wire transfer fees, clearing and custody costs, fees or commissions for securities transactions, costs associated with temporary investment of your funds in a cash management account, trust service charges and other charges mandated by law. Further, interest will normally be charged on a debit balance in your account.

The fees described above do not include transaction charges for execution other than at your custodian. Please refer to Item 12 for more information about Palladium's brokerage practices.

Mutual funds used in PIPs accounts may charge a redemption fee if shares are redeemed within a specified period of time. Clients may incur redemption fees in the event that an investment model is updated. Redemption fees vary by mutual fund and are described in each fund's prospectus. Custodians and broker-dealers may be paid certain fees relating to these mutual funds, such as networking or 12b-1 fees. The advisory fee may be negotiated in Palladium's sole discretion.

### **Compensation for the Sale of Securities**

Neither Palladium nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.



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

Palladium does not charge or receive performance-based fees. The firm does not manage performance fee accounts and non-performance fee accounts side by side, and therefore, there is no incentive to favor a performance fee account over others through different trading priorities or a disproportionate allocation of favorable investments.

## **Item 7 Types of Clients**

### **Client Description**

Palladium's clients include, but may not be limited to, institutions such as financial services firms, investment management firms, insurance companies, other registered investment advisers, broker-dealers, and banks whose investor clients may consist of individuals, banks or thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations and corporations or business entities.

### **General Requirements**

Palladium's portfolio management services are generally offered to investors through programs where the Consultant of a third-party Firm or Sponsor provides advice to you. Consultants are not employees of Palladium but are independent or employed by Sponsors and Firms not affiliated with Palladium.

Generally, you should have a written agreement with your Sponsor and/or Consultant. The Consultant collects financial and background information from you and assists you in identifying your investment objectives. The Consultant recommends strategies that are designed to meet those objectives. Your Consultant is your primary contact and he or she should report to you regularly.

Consultants may utilize software, marketing and sales material and other documentation provided by Palladium to assist you in selecting an investment strategy that is suitable for you.

Palladium will receive your financial information from the Consultant, your custodian, the Sponsor, or the broker-dealer, as applicable. In accordance with its fiduciary duty, Palladium reviews the account opening paperwork or Client profile information provided by the Sponsor or your Consultant to determine whether the selected Strategy is suitable for you. Palladium reserves the right to request additional information to be provided by you. After Palladium accepts the account for management, Palladium is granted investment discretion by you and exercises such discretion in management of the account.

### **Collateral Accounts**

If an account is pledged as collateral for a loan, and if the lender has initiated a liquidation of securities in the account pursuant to the terms of the collateral agreement, your account may not be invested in accordance with the Strategy's model portfolio and/or your investment objective for a period of time. Palladium reserves the right to cease management by terminating the advisory agreement if, due to the constraints imposed by the collateral arrangement, the account cannot be feasibly managed in accordance with the Strategy's parameters.

### **U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") Sanctions Program**

In compliance with the OFAC sanctions program, Palladium or its designee will check to verify that your name does not appear on OFAC's "Specifically Designated Nationals and Blocked Persons" List ("SDN List"). Your name will also be checked to verify that you are not from, or engaging in transactions with people or entities from, embargoed countries and regions published on the OFAC Web Site. Palladium or its agent may access these lists through various software programs to conduct these searches. Palladium or its designee will also review existing accounts against these lists when they are updated.

In the event Palladium or its designee determines a Client, or someone with or for whom the Client is transacting, is on the SDN List, or is from or engaging in transactions with a person or entity located in an embargoed country or region, Palladium personnel will immediately contact

Palladium's Chief Compliance Officer to determine the proper course of action, which may include: rejecting the transaction and/or blocking the Client's assets; and filing a blocked assets and/or rejected transaction form with OFAC.

**Account Minimum Requirements**

The account size minimum for the Palladium Investment Portfolios product is \$100,000. At Palladium's sole discretion, we may negotiate the account minimum.

The minimum for Palladium IDX Index Portfolios is \$500,000 per account and can be negotiated.

The minimum for Palladium IDX Risk Managed Cryptocurrency and Risk Managed Gold Index Portfolios is \$50,000 per account and can be negotiated.

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

In providing discretionary investment management, advisory and sub-advisory services and in providing recommendations to non-discretionary clients, we use the investment strategies and methods of analysis as described below. A discussion of the primary risks associated with these investment strategies is below, although it is not possible to identify all of the risks associated with investing. The particular risks applicable to your account will depend on the nature of the account, its investment strategy or strategies and the types of securities you hold. Any investment involves a risk of loss and there can be no guarantee that a particular level of return will be achieved. You should understand that you could lose some or all of your investment and should be prepared to bear the risk of such potential losses, including through diversification.

### **Palladium Investment Portfolios (“PIPs”)**

Palladium Investment Portfolios are fully discretionary portfolios that include multiple asset classes and investment vehicles managed within a single account. Strategies may include exposure to both traditional and/or non-traditional asset classes, as described more fully below. Palladium manages diversified strategies with specified investment objectives ranging in risk from conservative to growth. Palladium also manages more concentrated strategies that are designed to complement Client’s diversified portfolio assets that may be managed away from Palladium. As the portfolio manager, Palladium determines the specific investment vehicles based on its economic outlook, investment due diligence and proprietary modeling strategies.

Palladium primarily selects ETFs or mutual funds for each component of the portfolio, but also has the option to hold individual securities in some circumstances.

As the portfolio manager, Palladium combines each of the model portfolios into one composite model for each PIP. Palladium monitors an account’s holdings on an ongoing basis seeking to make certain they stay within an acceptable range to the composite model, while also seeking to minimize tax implications where appropriate.

When Palladium selects investment vehicles in each of the portfolios, a number of factors are evaluated. The investment vehicle must complement the overall strategy. The amount allocated to an investment style may determine which type of vehicle may be used to manage that portion of the portfolio. A vehicle such as a passive mutual fund or ETF may be utilized to allow broad market exposure for lower dollar values. Active mutual funds or individual securities may be used for allocations where Palladium seeks active security selection. The market value of your account may determine whether Palladium selects a mutual fund or ETF for a portion of your account. As a result, performance of accounts within a selected model may deviate.

Palladium may substitute an ETF for a mutual fund held in the model portfolio if a mutual fund is not available for purchase.

Palladium reviews investment vehicle combinations to determine what it believes is the most effective combination of investments to satisfy the goals of the portfolio. Palladium also pays considerable attention to mutual fund and ETF expenses, liquidity of investment vehicles, investment minimums, and operational issues to determine whether they affect the implementation of the selected vehicle in the portfolios.

Palladium may use both active and passive vehicles in any of its asset classes as market conditions, its investment outlook, or the availability of investment vehicles warrant.

Palladium focuses on a long-term, strategic approach in developing its asset allocation methodology. Shifts in allocations are driven by changing investment fundamentals and our economic outlook. Exposure to an asset class or investment style is driven by key economic and market-related factors, which may include shifts in valuations, expected earnings growth, or the impact of changing interest rates.

Palladium employs fundamental valuations and applies its own models to evaluate expected returns, risk, and correlation for the asset classes it includes in its investment strategies. PIPs include allocations to non-traditional investment strategies. Palladium includes these asset classes, often paired with traditional asset classes, seeking to reduce the volatility of the overall portfolio.

As non-traditional asset classes have unique characteristics, when selecting investment vehicles for use in its strategies, Palladium also may consider factors such as expected compensation for potential illiquidity, transparency and pricing of underlying securities, implementation costs and fees, and the use of leverage.

The factors Palladium considers when selecting an active investment vehicle such as a mutual fund include, but are not limited to the following: expected or demonstrated generation of Alpha, assets under management/capacity, number and composition of portfolio holdings, investment style purity and consistency, investment approach, investment implementation review, firm background, stability and depth of investment personnel, performance composite criteria and quality, business continuity/disaster recovery planning, compliance, investment performance, and portfolio risk statistics relative to the benchmark and peers. Factors and criteria may differ depending on the type or style of the investment vehicle.

### **Tax Considerations**

For taxable accounts, Palladium will consider tax implications and seek to lessen tax impact when making transactions in the accounts in the cases of implementing allocation and investment vehicle changes, transitioning existing securities into a new PIPs account, raising cash for a withdrawal, or rebalancing the portfolio. Among the methods Palladium may use to address tax impact are:

- Seek to delay transactions to convert ordinary income into long-term capital gains.
- Delay the realization of gains for longer periods of time.
- Use losses to offset gains where desirable.

Tax implications for taxable accounts are evaluated within the risk control parameters. Palladium may determine that it is advantageous to realize a gain from a transaction in order to maintain the targeted risk of the portfolio.

Palladium may retain an investment vehicle that is not included in the applicable model portfolio for tax reasons. In this instance, Palladium may change the allocation of the other investment vehicles in the portfolio to offset exposure to the retained vehicle.

Palladium does not provide tax advice. Please consult your tax advisor regarding the tax implications of the investments in your Palladium account.

### **Performance Representation**

Palladium represents the performance of its investment strategies based on a model of the portfolio allocations and investment vehicles published since the strategy's inception. The performance reflects changes to those allocations and vehicles over the life of the strategy.

A majority of Palladium's Clients access its strategies through third party strategist platforms and private platform providers, where the provider exercises discretion over the trading of the accounts. Palladium delivers these model portfolios, along with model updates to the platform provider. Notably, Palladium provides account customization for its discretionary accounts (accounts over which Palladium exercises trading discretion). The actual returns of these customized, discretionary accounts are individualized and therefore may deviate from the model performance by varying degrees.

For non-discretionary accounts (accounts over which Palladium does not exercise trading discretion) for which the above-described account customization is not available, Palladium believes that the model portfolio performance representation of the strategies is the most accurate reflection of the results the Client was likely to have received.

### **Palladium IDX Index Portfolios:**

This section provides an overview of methods of analysis and investment strategies IDX may utilize in providing services to primary investment adviser clients and certain related material risks that the primary adviser's underlying clients may face in connection with these services. Investing in securities involves a risk of loss that any investor should be prepared to bear. It is not possible to identify all of the risks associated with investing, and this section does not attempt to discuss all risks that may affect IDX's model portfolios. Rather, this section discusses certain material risks of the investment activities of IDX. Different risks will impact different investment strategies to different degrees, and the degree to which a particular risk is applicable will depend on a variety of factors, including which investment strategy(ies) are employed with respect to the primary adviser's client accounts.

We do not guarantee that an investment objective or planning goal will be achieved or that any of the investment strategies will create their intended results. Each client of the primary adviser must be able to bear the risk of loss that is associated with the client's account, which may include the loss of some or all principal invested. No single investment strategy, or combination thereof, is necessarily diversified or intended to provide a complete investment program

### **Methods of Analysis**

IDX's methods of analysis include, but are not limited to, Charting analysis, Fundamental analysis, Quantitative analysis, and Technical analysis. We may use one or more of the following methods of analysis or investment strategies, among others, when providing sub-advisory services to other investment advisers:

Charting analysis involves the use of patterns in performance charts. IDX uses this technique to search for patterns used that are intended to help predict favorable conditions for buying and/or selling a security.

Charting analysis strategy involves using and comparing various charts to predict long and short-term performance or market trends. A risk involved in using this method is that only past performance data is considered without using other methods to cross check data. When using charting analysis, IDX may make the assumption that past performance will be indicative of future performance. This may not be the case and may result in losses for a client.

Charting involves identifying patterns that can suggest future activity in price movements. A chart pattern is a distinct formation on a stock chart that creates a trading signal or a sign of future price movements. Chartists use these patterns to identify current trends and trend reversals to trigger buy and sell signals. Some of the chart types IDX utilizes are Line Charts, Bar Charts, Candlestick,

Point and Figure, etc. One of the primary risks of charting analysis is that it may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Fundamental analysis is a method of evaluating a company that has issued a security by attempting to measure the value of its underlying assets. It entails studying overall economic and industry conditions, as well as the financial condition and the quality of the company's management. IDX considers earnings, expenses, assets, and liabilities important in determining the value of a company. We then compare our value of the company to the current price of the issuing company's security to determine whether to purchase, sell or hold the security.

One of the primary risks of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for IDX's valuation of a security. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Cyclical analysis is a form of fundamental analysis that involves the process of making investment decisions based on the different stages of an industry at a given point in time. One of the primary risks of cyclical analysis is the lengths of economic cycles may be difficult to predict with accuracy, which leads to difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

Quantitative analysis deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

Quantitative analysis is a method of determining the value of a security by examining its numerical, measurable characteristics such as revenues, earnings, margins, and market share. One of the primary risks of quantitative analysis is that empirical data may not necessarily be the best indicator of the value of a certain investment, and purely mathematical approaches may not reveal significant security specific developments.

Technical analysis involves the analysis of past market data, primarily price and volume data.

Technical analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. One of the primary risks of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Palladium offers the following portfolio strategies in the PIPs product:**

Palladium's **Endowment Model Strategy Series** of portfolios seek to deliver a balanced mix of growth and income. Similar to the approach used by many endowments, the portfolios are constructed using a diversified mix of fixed income, equity, and liquid alternative investments seeking to provide superior risk-adjusted returns and lower volatility than traditional stock/bond portfolios. These strategies, managed using a risk-averse approach in an attempt to minimize downside risk, are intended to act as the core of an investor's portfolio.

Palladium's **Income Distribution Strategy** portfolio seeks to deliver regular distribution of income while maintaining a diversified combination of fixed income, equity, and liquid alternative investments. The strategies in this series may be appropriate for investors seeking to supplement traditional income sources.

Palladium's **Alternative Strategy Series** is a series of portfolios that is intended to provide diversification and low correlation to long-only stock and bond portfolios using mutual funds and ETFs. Underlying strategies utilized in this portfolio may include Global Macro, Long/Short Equity and Debt, Managed Futures, Relative Value, Arbitrage and Multi-Strategy. It is important to note that these strategies entail different risks than traditional approaches. Alternative investment strategies are intended for sophisticated investors and involve a high degree of risk, including, among other things, the risks inherent in investing in securities and derivatives, using leverage, and engaging in short sales. An investment in an alternative investment product or strategy may be considered speculative and should not constitute a complete investment program.

The fixed income component of the PIPs product may invest in any combination of the securities listed below:

- Corporate debt of U.S. or non-U.S. issuers
- U.S. Government and Agency securities
- Foreign Government and Agency securities
- Commercial paper and other cash equivalents
- Mortgage-backed securities
- Asset backed securities
- Bank loans
- Hybrid securities, which are typically deeply subordinated and may have some equity-like characteristics
- Debt securities which are convertible into equity securities of the issuer
- Debt issued by states, municipalities, or other regional authorities
- Preferred stock
- Derivatives, including futures, options, swaps, and structured product

The equity component of the PIPs product may invest in any combination of the securities listed below:

- Common stocks
- Preferred stocks
- Securities convertible into stocks
- Equity interest in Real Estate Investment Trusts (REITs)
- Shares of closed end investment companies
- Shares of open end investment companies



- Exchange-traded funds (ETFs)
- Exchange-traded Notes (ETNs)
- American Depositary Receipts (ADRs)
- Inverse ETFs

Please note that ADR holders may not enjoy all the rights and benefits of the holders of ordinary shares, in that they may have a limited ability to participate in corporate actions and vote proxies, they may incur additional fees and may have differing tax consequences from the holders of ordinary shares.

### **Palladium IDX Index Strategies:**

Palladium IDX Cryptocurrency Opportunity Index SMA seeks to provide risk-managed exposure to Bitcoin via the ProShares Bitcoin Strategy ETF (BITO) and the Grayscale Ethereum Trust (ETH). The Index utilizes several short-term momentum signals to determine whether or not to allocate 100% to BITO or 100% to short-duration fixed income (via ETFs).

### **Risks Associated with Certain Investments Used in the Products**

Despite the analysis undertaken by Palladium's analysts, it is important to remember that all investments carry at least some degree of risk. Risk may include loss of some, or even all, of your investment. No particular type of investment, or approach to investing, is guaranteed to perform well, and there may be other investment vehicles, portfolio managers or approaches not offered by Palladium that may perform as well or better. You should consider these factors carefully before deciding to invest.

Stocks generally fluctuate in value more than bonds and may decline significantly over short time periods. There is the chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising prices and falling prices. The value of a stock may decline due to general weakness in the stock market or because of factors that affect a company or a particular industry.

The risks associated with the investments Palladium uses in the PIPs product are described below.

**Management Risk** PIPs are subject to management risk because each account is an actively managed portfolio. Palladium's management practices and investment strategies might not produce the desired results.

**Market Risk** The prices of the securities in which Palladium invests may decline for a number of reasons including in response to economic developments, factors relating to the company, and market activity.

**Adjustable Rate and Floating Rate Securities Risk** Although adjustable and floating rate debt securities tend to be less volatile than fixed-rate debt securities, they nevertheless fluctuate in value.

**Alternative Investments and Derivatives Risk** Mutual funds used in the PIPs product may invest in alternative investments strategies or derivatives that are often more volatile than other investments and may magnify the vehicle's gains and losses. A derivative is a security or contract (futures, options etc.) the value of which fluctuates with the value of another security (i.e., its value is "derived" from the value of another). An investment vehicle that uses derivatives could be negatively affected if the change in market value of its securities fails to correspond as expected to the underlying securities.

Alternative investment products are not for everyone and entail risks that are different from more traditional investments. Alternative investment strategies are intended for sophisticated investors and involve a high degree of risk, including, among other things, the risks inherent in investing in securities and derivatives, using leverage, and engaging in short sales. An investment in an alternative investment product or strategy may be considered speculative and should not constitute a complete investment program. Diversification and strategic asset allocation do not assure a profit or protect against loss in declining markets.

The potential for a commodity investment vehicle to use derivative instruments, such as futures, options, and swap agreements, to achieve its investment objective may create additional risks that would not be present in the underlying securities themselves, thus raising the potential for greater investment loss.

**Bank Loans Risks** Investments in bank debt involve credit risk, interest rate risk, liquidity risk and other risks, including the risk that any loan collateral may become impaired or that we may obtain less than the full value for the loan interests when sold.

**Closed-End Funds Risk** Closed-end funds are investment companies that generally do not continuously offer their shares for sale. Rather, closed-end funds typically trade on a secondary market, such as the New York Stock Exchange or the NASDAQ Stock Market, Inc. Closed-end funds are subject to management risk because the adviser to the closed-end fund may be unsuccessful in meeting the fund's investment objective. Moreover, investments in a closed-end fund generally reflect the risks of the closed-end fund's underlying portfolio securities. Closed-end funds may also trade at a discount or premium to their NAV and may trade at a larger discount or smaller premium subsequent to purchase by a Fund. Closed-end funds may trade infrequently and with small volume, which may make it difficult for a portfolio to buy and sell shares. Closed-end funds are subject to management fees and other expenses that may increase their cost versus the costs of owning the underlying securities. A Fund may also incur brokerage expenses and commissions when it buys or sells closed-end fund shares.

**Concentration Risk** Portfolios that invest a significant portion of assets in a small or limited number of securities, a single specific or closely related sectors, industries, a specific region or country, may involve greater risks, including greater potential for volatility, than more diversified portfolios. The value of these holdings will vary considerably in response to changes in the market value of the securities that represent these sectors, industries, or regions.

**Covered Calls Risk** Mutual funds that engage in the selling (or writing) of covered calls may involve a high degree of risk and may not be suitable for all investors. For a call option that is sold (written), if that option is exercised, the upside potential is limited to the premium received plus the difference between its stock price and the stock purchase price. If the option is not exercised and expires out-of-the-money and with no value, the upside potential is any gain in share value plus the premium received. On the downside, limited protection is provided by the premium received from the call's sale. The loss potential may be substantial and is limited only by the stock declining to zero. Investors should read and understand the risks associated with options prior to engaging in any covered call strategy. These risks are more fully described in the booklet entitled "The Characteristics & Risks of Standardized Options," which can be accessed at [www.optionsclearing.com](http://www.optionsclearing.com).

**Credit Risk** The issuers of the bonds and other debt securities held in the PIPs product may not be able to make interest or principal payments.

**Cryptocurrency Risk Exposure** to digital assets may be attained through direct investment in physical Bitcoin or other major cryptocurrencies such as Ethereum or through the ProShares Bitcoin Strategy ETF (BITO) that trades daily on the NASDAQ OTC market. Potential risks unique to cryptocurrencies may be as follows: Currently, there is relatively small use of bitcoins in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect an investment in digital assets or shares of digital assets. The value of bitcoins as represented by the Bitcoin Index Price may be subject to momentum pricing due to speculation regarding future appreciation in value, leading to greater volatility which could adversely affect an investment in either the spot price in Bitcoin or in the shares of digital assets.

**Currency Risk** If invested in non-U.S. securities, PIPs are subject to the risk that foreign currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged.

**Depository Receipts (DR) Risk** DRs may be subject to certain of the risks associated with direct investments in the securities of foreign companies, such as currency risk, political and economic risk, and market risk, because their values depend on the performance of the non-dollar denominated underlying foreign securities. Certain countries may limit the ability to convert DRs into the underlying foreign securities and vice versa, which may cause the securities of the foreign company to trade at a discount or premium to the market price of the related DR. In addition, holders of unsponsored DRs generally bear all the costs of such facilities and the depository of an unsponsored facility frequently is under no obligation to distribute shareholder communications received from the issuer of the deposited security or to pass through voting rights to the holders of such DRs in respect of the deposited securities. DR holders may not enjoy all the rights and benefits of the holders of ordinary shares, in that they may have a limited ability to participate in corporate actions and vote proxies; they may incur additional fees and may have differing tax consequences from the holders of ordinary shares. Certain strategies may also be offered in an American Depositary Receipt (“ADR”)-only format. An ADR-only format may present certain limitations with respect to the range of possible investments and available issuers as opposed to other formats. The ADR-only format may result in added issuer risk and less account diversification.

**Foreign Securities Risk** Palladium may invest a significant portion of assets in securities of foreign issuers denominated in U.S. dollars, including issuers in emerging markets. Foreign economies may differ from domestic companies in the same industry. Foreign economies may differ from domestic companies in the same industry. Investment in emerging markets involves additional risks, including less social, political, and economic stability, smaller securities markets, and lower trading volume, restrictive national policies, and less developed legal structures.

**Gold Risk** Palladium may invest in ETFs that invest in gold bullion. Several factors affect the price of gold, including: global supply and demand; global or regional political, economic or financial events and situations; investors’ expectations with respect to the rate of inflation; currency exchange rates and interest rates. There is no assurance that gold will maintain its long-term value in terms of purchasing power in the future. The price of gold has fluctuated widely over the past several years and may experience significant volatility.

**Government-Sponsored Entities Risk** Palladium may invest in securities issued or guaranteed by government-sponsored entities, including GNMA, FNMA and FHLMC. However, these securities may not be guaranteed or insured by the U.S. Government and may only be supported by the credit of the issuing agency.

**Interest Rate Risk** In general, the value of bonds and other debt securities falls when interest rates rise. Longer term obligations are usually more sensitive to interest rate changes than shorter term obligations.

**Liquidity Risk** Low or lack of trading volume may make it difficult to sell securities held in the PIPs product at quoted market prices.

**Long/Short Positions Risk** Investment vehicles, such as mutual funds and ETFs, used in the Strategies may employ the use of long and short positions, which may involve risks different from those normally associated with other types of investment vehicles. It is possible that the fund's long positions will decline in value at the same time that the value of the securities sold short increases, thus raising the potential for greater investment loss. Market neutral investing, in using long and short positions, provides no guarantee that it will be successful in limiting the fund's exposure to domestic stock market movements, capitalization, sector swings or other risk factors. Investment in a strategy involved in long and short selling may have higher portfolio turnover rates, which may result in additional tax consequences. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions.

**Municipal Securities Risks** Municipal securities risks include the ability of the issuer to repay the obligation, the relative lack of information about certain issuers, and the possibility of future tax and legislative changes that could affect the market for and value of municipal securities. These risks include: (i) General Obligation Bonds Risk -- timely payments depend on the issuer's credit quality, ability to raise tax revenues and ability to maintain an adequate tax base; (ii) Revenue Bonds (including Industrial Development Bonds) Risk -- these payments depend on the money earned by the particular facility or class of facilities, or the amount of revenues derived from another source, and may be negatively impacted by the general credit of the user of the facility; (iii) Private Activity Bonds Risk -- Municipalities and other public authorities issue private activity bonds to finance development of industrial facilities for use by a private enterprise; the private enterprise pays the principal and interest on the bond, and the issuer does not pledge its full faith, credit and taxing power for repayment; (iv) Moral Obligation Bonds Risk -- moral obligation bonds are generally issued by special purpose public authorities of a state or municipality; if the issuer is unable to meet its obligations, repayment of these bonds becomes a moral commitment, but not a legal obligation, of the state or municipality; (v) Municipal Notes Risk -- municipal notes are shorter-term municipal debt obligations that pay interest that is, in the opinion of bond counsel, generally excludable from gross income for federal income tax purposes (except that the interest may be includable in taxable income for purposes of the federal alternative minimum tax) and that have a maturity that is generally one year or less; if there is a shortfall in the anticipated proceeds, the notes may not be fully repaid and the strategy may lose money; and (vi) Municipal Lease Obligations Risk -- in a municipal lease obligation, the issuer agrees to make payments when due on the lease obligation; although the issuer does not pledge its unlimited taxing power for payment of the lease obligation, the lease obligation is secured by the leased property. To be tax exempt, municipal bonds must meet certain regulatory requirements. If a municipal bond fails to meet such requirements, the interest received by the strategy from its investment in such bonds may be taxable. It is possible that interest on a municipal bond may be declared taxable after the issuance of the bond, and this determination may apply retroactively to the date of the issuance of the bond, which could cause a portion of prior distributions made by a strategy to be taxable in the year of receipt. It is also possible that future legislation or court decisions would adversely affect the tax-exempt status, and thus the value, of municipal bonds or certain categories thereof.

**Portfolio Turnover Risk** A high portfolio turnover rate (100% or more) has the potential to result in the realization and distribution to shareholders of higher capital gains, which may subject you to a higher tax liability. A high portfolio turnover rate also leads to higher transactions costs.

**REITS issuer risk** Investments in REITs are subject to many of the risks associated with direct real estate ownership and, as such, may be adversely affected by declines in real estate values and general and local economic conditions.

**High Yield Securities Risk** Palladium may invest in high yield securities. Securities with ratings lower than BBB or Baa are known as “high yield” securities (sometimes referred to as “junk bonds”). High yield securities provide the potential for greater income and opportunity for gains than higher-rated securities but entail greater risk of loss of principal.

**Inflation and Deflation Risk** Inflation risk is the risk that the rising cost of living may erode the purchasing power of an investment over time. Deflation risk is the risk that prices throughout the economy decline over time – the opposite of inflation.

**Mortgage-Backed Securities Risk** This includes Market Risk, Interest Rate Risk, Credit Risk, Prepayment Risk as well as the risk that the structure of certain mortgage-backed securities may make their reaction to interest rates and other factors difficult to predict, making their prices very volatile.

**Small- and/or Mid-Cap Issuer Risk** Small and midsize companies carry additional risks because the operating histories of these companies tend to be more limited, their earnings and revenues less predictable (and some companies may be experiencing significant losses), and their share prices more volatile than those of larger, more established companies. The shares of smaller companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and Palladium’s ability to sell these securities. These companies may have limited product lines, markets, or financial resources, or may depend on a limited management group. Some investments will rise and fall based on investor perception rather than economic factors. Other investments are made in anticipation of future products, services, or events whose delay or cancellation could cause the stock price to drop.

**Exchange-Traded Funds Risk** There are special risks associated with ETFs, such as: ETF shares are not individually redeemable; the market price of ETF shares may differ from the net asset value; an active trading market for ETF shares may not exist and if it does exist, it may not be maintained over time; and trading of ETF shares may be halted by regulators under certain circumstances. Certain ETFs may have elected to be treated as partnerships for federal, state, and local income tax purposes. You should consult your tax advisor in determining the tax consequences of any investment. For more information on tax handling and certain ETF expenses, refer to the ETFs’ prospectus.

**Exchange-Traded Notes Risk** Exchange-Traded Notes are a type of senior, unsecured, unsubordinated debt security of the issuing company. This type of debt security differs from other types of bonds and notes because ETN returns are generally based upon the performance of a market index minus applicable fees, no periodic coupon payments are distributed, and no principal protection exists. Similar to ETFs, ETNs are generally traded on a securities exchange. Investors can also hold the debt security until maturity. At that time, the issuer is obligated to give the investor a cash amount that would be equal to the principal amount times the applicable index factor less investor fees. The index factor on any given day is a mathematical equation equal to the closing value of the underlying index on that day divided by the initial index level.

ETNs are subject to credit risk and liquidity risk that impact the price received upon disposition of the notes. Additional risks of investing in ETNs include limited portfolio diversification, price fluctuations, issuer default, uncertain principal repayment, and uncertain federal income tax treatment. The performance of the ETNs may vary from the actual performance of the underlying index and the performance of the underlying index components. By investing in ETNs, the owner does not have certain rights that investors in the underlying index or the underlying index components may have, such as stock voting rights.

**Options Trading Risk** Some of our investments may use options trading. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option. The trading of options may be highly speculative and may entail more risk than those present when investing in other types of securities. Prices of options are generally more volatile than prices of other types of securities. When trading in options, you may run the risk of losing the entire investment in a relatively short period of time. In more risky options strategies, an investor could theoretically have an unlimited risk of loss.

## **Item 9 Disciplinary Information**

Palladium does not have any legal, financial, or other disciplinary items to report to you. Palladium is obligated to disclose any disciplinary event that would be material to you when evaluating Palladium to initiate a Client/adviser relationship with Palladium. This statement applies to Palladium and every employee of the firm.

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

Neither Palladium or any of its management persons is engaged in other financial industry activities or has other industry affiliations that would create a material conflict of interest.



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

### **Compliance Program**

Palladium has adopted its Investment Advisory Compliance Program (the “Program”), pursuant to Rule 206(4)-7 under the Investment Advisers Act of 1940 (“Advisers Act”). Part of that Program includes the adoption of written policies and procedures, which are incorporated within Palladium’s Compliance Manual. Palladium employees receive periodic training relating to the Compliance Program, which is amended periodically to reflect additional or changing policies.

### **Code of Ethics and Personal Trading**

Palladium has adopted a Code of Ethics (the “Code”) pursuant to Rules 204A-1 and 204-2 under the Advisers Act. The Code is updated periodically, as necessary, and distributed to all personnel. Periodic training on the Code is provided to existing employees and all new employees upon hire. All of our employees are required to accept in writing the terms of the Code of Ethics upon employment, on amendment of the Code of Ethics and annually.

The Code sets forth our standard of conduct of investment advisory personnel, including the fiduciary and confidential duty of personnel, trading and gift policies, reporting and record-keeping obligations, and avoidance of conflicts of interest.

With respect to personal trading, the Code contains rules and restrictions on the purchase and sale of securities by employees. These rules and/or restrictions are designed to protect Palladium’s Clients. All officers and employees are required to put the interests of the Clients first in all dealings relating to the Client and their investments.

Generally, the Code of Ethics provides that:

- All employees must pre-clear certain personal trades for their own accounts or accounts over which they have an interest or control (“employee-related accounts”);
- Pre-clearance requests will not be granted for trades in securities on the firm’s restricted list;
- Brokerage statements and confirmations for all employee-related accounts must be provided to the Chief Compliance Officer;
- Employees must report personal securities transactions in all employee-related accounts quarterly; and
- Limitations are placed on Palladium personnel’s ability to participate in initial public offerings and private placements; however, Palladium personnel may invest in Palladium managed portfolios.

Employee personal trading reports are reviewed by Compliance personnel or designee(s) to verify that the employees are complying with the Code. Palladium may impose penalties and sanctions on employees who have violated provisions of the Code, including the personal trading policy.

In addition, the Code of Ethics contains policies and procedures concerning the misuse of material non-public information and concerning political activities and contributions.

The Code of Ethics also dictates activities that are strictly prohibited, which include:

- Having a personal interest or receiving a personal benefit in any Client transaction;
- Using knowledge of Client transactions for personal gain; and
- Allowing anything to influence or impact an independent, unbiased judgment with respect to Client communications.

Palladium will provide a copy of the Code to you or any prospective Client, upon request.

**Participation or Interest in Client Transactions**

Palladium and its employees may give advice and take action in the performance of their duties that may be the same as, similar to, or different from advice given, or the timing or nature of actions taken, for other Client accounts or for their proprietary or personal accounts. Palladium and its employees may at any time hold, acquire, increase, decrease, dispose of, or otherwise deal with positions in investments in which your account may have an interest from time to time. Palladium has no obligation to acquire for your account a position in any investment, which it, acting on behalf of another Client, or an employee, may acquire. Palladium recommends transactions to Clients based solely on investment considerations, including whether the investment is suitable for the Client and meet the Client's investment guidelines. In addition, Palladium employees may be invested in the Products. Because this may present a potential conflict of interest, Palladium has adopted a Code of Ethics, which includes restrictions on employees' personal trading as described above.

## **Item 12 Brokerage Practices**

### **Best Execution**

Our objective in selecting brokers and dealers and in buying or selling securities for your account is to seek to obtain the best combination of price and execution. The best net price, taking into consideration brokerage commissions and other costs, is one important factor we consider in seeking best execution. We may also consider the nature of the security being traded, size and type of transaction, the nature and character of the markets, desired timing of the trade, activity existing and expected in the market for the particular security, and confidentiality.

Palladium has adopted a Best Execution Policy pursuant to which Palladium reviews a sample report of trades to monitor for best execution. Pursuant to its Best Execution Policy, Palladium's Investment Committee meets periodically to formally review compliance with applicable regulations.

If you establish a custodial account with a broker-dealer, you will typically direct us to effect all portfolio transactions through that broker-dealer at a rate agreed upon between you and the broker.

### **Soft Dollars**

Palladium currently does not use soft dollar research or services. In the event Palladium should begin to use soft dollar research or services, then Palladium would make a good faith determination of the value of the research product or service in relation to the commissions paid. It is intended that any benefit obtained by Palladium must be advantageous to Palladium's Clients.

### **Directed Brokerage**

Palladium allows Clients to direct brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client-directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Palladium will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Palladium. Palladium may not be able to achieve the most favorable execution of Client transactions if a Client chooses to direct brokerage. This may increase the costs of trading to a Client because if a Client directs brokerage to a broker other than the one Palladium (or third-party manager) would normally use, the firm may not be able to aggregate orders to reduce transaction costs which may result in higher brokerage commissions and less favorable prices.

In the event that the Client directs Palladium to effect securities transactions for the Client's accounts through a specific broker-dealer, the Client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Palladium.

### **Trade Aggregation**

Palladium maintains "omnibus/average price accounts" at custodians with which it trades. Where possible, and by custodian, Palladium combines trades from multiple accounts into one "trading block." Palladium aggregates trades in the same trading block by custodian so that all accounts within that trading block will receive the same average price for execution based on the average price for the block. Typically, for each program, trades for new accounts, strategy changes and previous day contributions are aggregated into one trade block.

Palladium may receive requests at various times from Clients that require Palladium to make a trade. A member of the Palladium Trading Team will process the request and create a trade block

as each request is received. If multiple requests are received and processed by the trading team within a reasonable time (typically a 30-minute window), generally, those trades will be aggregated into a single trading block. Unique circumstances including but not limited to specific trade instructions (e.g., short settlement) may dictate that trades be submitted in a separate block.

If you direct the use of a broker-dealer, you may be subject to certain disadvantages regarding allocation of new issues and aggregation of orders. Although we manage each client account individually, we will often aggregate, for each custodian, for execution as a single transaction order for the purchase or sale of a particular security for the accounts of several clients that have the same brokerage firm as custodian. Similarly, when possible, we will aggregate orders when we have discretion to direct brokerage.

If you have highly particularized investment policies or restrictions, you may not be able to participate in aggregated transactions for certain issues. In this instance, you may receive a less favorable price on such transactions. If we determine that including you in an aggregated transaction or in the normal trade rotation could adversely impact our broader client group, you may not be able to participate in aggregated transactions for most issues and/or may be consistently traded toward the end of our trade rotation. In these cases, you may regularly receive less favorable prices on account transactions.

#### **Trade Rotation Policy**

Palladium has adopted a trade rotation policy that seeks to treat accounts fairly and equitably among the custodians on which the PIPs product is offered. Palladium utilizes a pro-rata method across its accounts in the event of a partial fill, whereby Palladium allocates shares to accounts on a pro-rata basis governed by a series of tax-lot and trade criteria until all shares are allocated.

#### **Rebalancing**

In its sole discretion, Palladium may change the style allocation or investment vehicles used without receiving instructions signed by you in each case.

During the life of the portfolio, as market conditions warrant, Palladium may add, change, or remove an allocation to an investment style, such as U.S. Small-Cap Equity or Global Fixed Income. In the event of an asset allocation change, Palladium rebalances the account accordingly.

Seeking to remain consistent with the risk profile and allocation parameters of the target strategy, Palladium rebalances the account accordingly. Accounts are systematically reviewed periodically to determine if they fall outside of the strategy-specific drift parameters. If the account has drifted away from the model allocation such that it falls outside of the established parameters, it will be rebalanced, in full, back to the selected investment model. If the account is within the drift parameters, the account may not be rebalanced. If you make a contribution or withdrawal from your account, it may trigger an account rebalance. Palladium retains discretion to determine if a rebalance is appropriate at any time during the life of the account.

## **Item 13 Review of Accounts**

### **Account Reviews**

Palladium has implemented policies and procedures to monitor an account's holdings with respect to the Strategies. Your account will be reviewed periodically to help ensure that stocks allocated to your account are in accordance with the policy guidelines established by the Investment Committee, and in accordance with your specific investment restrictions and policies. In addition, a Portfolio Manager or designee has primary responsibility for reviewing account holdings, account cash levels above or below designated thresholds; an exception account drift report that compares an account's security and style allocation percentages to the selected portfolio's target allocation percentages; and a quarterly review of accounts whose performance deviates materially from the composite performance of accounts within the same strategy.

These reviews are supervised by members of the Investment Committee.

Your Consultant and, if applicable, your Sponsor are responsible for:

- obtaining information from you regarding your financial situation and investment objectives, and providing you with the opportunity to impose reasonable restrictions on the management of the account;
- monitoring your investment objectives or guidelines on an on-going and periodic basis, but not less frequently than quarterly, to confirm consistency with your investments/portfolios.
- asking you, at least annually, to inform them of any changes in your financial condition or of any changes to investment restrictions which you wish to impose.

While there are no restrictions on your ability to contact and consult Palladium personnel, it is generally preferred that you do so through, or together with, your Consultant.

Palladium, and/or your Sponsor, may provide your Consultant with written investment performance reports on a quarterly basis.

### **Unfunded Account Termination**

If your account has a zero balance for more than six months, at its discretion, Palladium will terminate your advisory agreement. Your underlying brokerage account, however, will remain open, unless terminated by the custodian. Once an advisory account has been terminated, Palladium will not be held responsible for account trading delays and Palladium will not provide any communications to you or your Consultant. New account paperwork may be required and other procedures for reactivating the account must be followed.

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

Palladium may enter into agreements with third parties who will solicit investor Clients for Palladium and receive compensation from Palladium for their solicitation efforts. In such instances, Palladium gives the third-party solicitor either a percentage (which may typically range between 10% - 35%) of or a set fee from the Palladium advisory fee charged to the Client. The Palladium advisory fee charged to the Client is not affected by the use of a third-party solicitor in connection with the Client's account(s), and the Client will not be assessed any additional charges because of that referral fee paid by Palladium. If the services of a third-party solicitor are used in connection with the Client's account, the structure of the arrangement and the compensation paid to the third-party solicitor will be fully disclosed to the Client pursuant to Rule 206(4)-1 of the Advisers Act.

## **Item 15 Custody**

We do not have physical custody of client assets or provide custodial services. In order to use our services, you must establish a custodial account with another institution, such as a brokerage firm, bank, trust company, or other qualified custodian from a specific list of custodians with which we will work.

You will generally receive custodial account statements about portfolio holdings at least quarterly directly from the custodian that maintains your funds and securities. You are encouraged to carefully review the custodial account statements you receive from the custodian and compare the information on those statements to any report on an account that you receive from Palladium. If you require additional information about the content of a Palladium report, you should contact Client Service at (888) 886-4122.

In addition to custodial brokerage statements provided by the custodian, Palladium may make regular investment performance and evaluation reports available to your Consultant, so you can measure your progress toward your financial goals.

It is Palladium's policy that it does not advise, initiate, or take any other action on your behalf relating to securities held in your account managed by Palladium in any legal proceeding (including, without limitation, class actions, class action settlements and bankruptcies).

Palladium does not file proofs of claim relating to securities held in your account and does not notify you or your custodian of class action settlements or bankruptcies relating in any way to such account. You should consult with your custodian and other service providers to ensure such coverage.

## **Item 16 Investment Discretion**

If you have a discretionary account, you have given Palladium such discretion in your investment advisory agreement with your Sponsor, or in the case of the dual contract program, in your contract with Palladium. As described in Items 8 and 12, you have given Palladium full discretionary authority to select securities for your account, to make trades in your account and to rebalance your account in such instances as it believes are in your best interests and in accordance with the portfolio selected by you and your Consultant.

Our discretionary authority may be limited in certain circumstances. For example, you may place restrictions or prohibitions on transactions in certain types of securities or industries. Any limitations you wish to place on your account must be agreed upon in advance in writing.



## **Item 17 Voting Client Securities**

If you opt to have Palladium vote proxies for you, your custodian will send reorganization notices and proxy materials to Palladium. If your account is a tax-qualified retirement plan subject to ERISA, unless you opt to do it yourself, Palladium will vote your proxies. If your account is not an ERISA account, you may either retain the right to vote proxies or delegate such authority to Palladium.

Palladium will seek to act solely in the financial interest of our clients in determining how proxies should be voted. We generally vote in accordance with the recommendations of management and/or a third-party proxy service provider, although, on occasion we may exercise independent judgment. We may also abstain from voting on specific issues.

Palladium will carefully review proposals that would limit shareholder control or could affect the value of a Client's investment. Palladium generally will oppose proposals designed to protect a company's management unnecessarily from the wishes of a majority of shareholders. However, Palladium will generally support proposals designed to provide management with short-term protection from outside influences so as to allow management to achieve long-term goals.

Conflicts of interest may arise in the proxy-decision making process. We are committed to resolving all conflicts in our clients' best interests and will generally vote pursuant to our Proxy Voting Guidelines when conflicts of interest arise. When there are proxy voting proposals that give rise to conflicts of interest that are not addressed by the Proxy Voting Guidelines, each will be evaluated on a case-by-case basis by the Senior Management Committee, in consultation with the Chief Compliance Officer. The steps taken to address the issue will be documented in writing.

Clients may request Palladium to make a particular vote with regard to an issue of importance to the Client, and Palladium will consider the feasibility of honoring that request within its policy and administrative procedures.

Palladium will furnish a complete copy of its Proxy Voting Policy, any related procedures, and its Voting Guidelines to each Client upon request. Upon request, Palladium will also disclose the proxy voting history for a Client's account after the shareholder meeting has concluded.

## **Item 18 Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the adviser's financial condition. Palladium has no financial commitment that impairs its ability to meet its contractual and fiduciary commitments to clients, and has not been the subject of any bankruptcy proceeding.