



## Ethos Financial Group, LLC

**ADV Part 2A  
March 2023**

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**This brochure provides information about the qualification and business practices of Ethos Financial Group, LLC. If you have any questions about the contents of this brochure, please contact Ethos's CCO at 859-287-1657. 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.**

**Additional information about Ethos Financial Group, LLC is also available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). Registration as an investment adviser does not imply any certain level of skill or training.**

## Item 2 - Material Changes

This page will discuss the material changes made to the Ethos Financial Group, LLC Form ADV Part 2A (“Brochure”). The summary provided is for all material changes that have occurred since the last update of this Brochure filed with the SEC on 09/30/2022:

- Item 4 – A section including overlay management services was added.
- Item 4 – Information was added about Ethos representatives serving as general partners in private investment funds.

Ethos will ensure that clients receive a summary of any material changes to this and future brochures within 120 days of the close of our business' fiscal year at no charge.

Our Brochure may be requested at any time, without charge, by contacting us at 410-294-2737 or emailing us at [info@ethosfg.com](mailto:info@ethosfg.com)

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## Item 4 - Advisory Business

### GENERAL DESCRIPTION

Ethos Financial Group, LLC ("Ethos" or "Advisor") is a Delaware limited liability company formed on May 5<sup>th</sup>, 2022. James Judge is the principal owner of Ethos.

The Advisor's core business is to offer wealth management services to individual and institutional clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal (the "Core Allocation"). Ethos offers its services through several independently owned offices located across the United States.

As discussed below, Ethos offers to its clients (individuals, high net worth individuals, state or municipal entities, trusts, estates, and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning, and related consulting services. In addition, Ethos also provides services to other investment advisers in the form of sub-advisory and consulting.

Ethos manages advisory accounts on a discretionary or non-discretionary basis through relationships with Charles Schwab & Company, Inc. ("*Schwab*") and other custodians at the discretion of Ethos. Ethos's annual investment advisory fee may be either fixed or based upon a percentage (%) of the market value of the assets placed under Ethos's management.

Through personal discussions with the client in which the client's goals and objectives are established, Ethos Investment Adviser Representatives determine which model portfolio is best suited to the client's individual needs and objectives. The Advisor's Core Allocation starts by forming a fundamental understanding of the primary drivers of potential portfolio exposures and emphasizes the development of methods for combining these exposures (often index based) into a diversified risk conscious portfolio.

Once Ethos determines the suitability of the portfolio, the portfolio is managed based on the portfolio's intended objective. Clients are permitted to place reasonable restrictions on the types of investments to be held in their account if such restrictions do not materially interfere with Ethos's ability to effectively manage client assets. Clients retain individual ownership of all securities.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity needs and overall suitability.

To ensure that Ethos's initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, Ethos will:

1. At least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
2. Be reasonably available to consult with the client; and
3. Maintain client suitability information in each client's file.

## **B. INVESTMENT MANAGEMENT SERVICES**

Ethos may be engaged to provide discretionary or non-discretionary investment advisory services. Ethos's investment advisory fee is based upon a percentage (%) of the market value of the assets placed under Ethos's management and generally ranges from .25% to 2.0% annually.

Ethos's annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services.

Ethos supports its own investment management platform (the "Platform") that is available to the IARs of Ethos. Before engaging Ethos to provide investment advisory services, clients are required to enter into an Investment Management Agreement ("IMA") with Ethos setting forth the terms and conditions of the engagement (including termination, describing the scope of the services to be provided, and the fee that is due from the client).

To commence the investment advisory process, an IAR will first ascertain each client's investment objectives and then allocate and/or recommend that the client allocate investment assets consistent with their designated investment objectives. Once client assets are allocated, Ethos provides ongoing monitoring and review of account performance and asset allocation.

Ethos shall have discretionary authority to engage unaffiliated investment managers and serve as an overlay portfolio manager to construct, allocate and reallocate investment portfolios for clients of Ethos IARs. Ethos also provides the following services, either directly or through contractual relationships with third parties, with respect to the Platform:

- Investment model administration and Manager facilitation services
- Advisor as Portfolio Manager ("APM") functionality, account administration, billing and reconciliation, account aggregation, reconciliation and reporting, and client account reporting
- Business management reporting technology services

### **Investment Services**

Ethos offers compliance, operational and back-office support to its IARs through third party service providers. These services are typically funded through the fees charged by the IAR to its clients. As part of these services to the investment advisor, Ethos provides the IARs with access to a range of discretionary investment advisory services for use by advisors with their clients, including Separately Managed Accounts ("SMA"), Mutual Funds and Exchange Traded Funds ("ETF") Asset Allocation Strategies and Unified Managed Accounts ("UMA") (each an "Investment Program" and collectively, the "Investment Programs"). The Investment Programs are generally made available by Ethos to their IARs, who may recommend one or more Investment Programs to their clients. A client's investment adviser determines which services and Investment Programs of Ethos to use with its clients and may use the services of other third-party service providers in conjunction with the Investment Programs.

The Investment Programs generally consist of model portfolios comprised of mutual funds, individual stocks/equities and/or exchange-traded funds ("ETFs") to represent different possible investment strategies for managing your account. Each of these investment strategies is intended to meet a specific goal. At all times we will continue to be your financial advisor, with the fiduciary responsibility to you. You will not have a direct contractual relationship or be in contact with the Investment Program, or any other Third-Party Service Provider – these are all service providers to us which we employ on your behalf.

Prior to investing in the Investment Program, you will execute a discretionary investment management agreement with us setting forth the terms and conditions of our management of your investments within the Investment Program. Depending on the management services you select, you will grant us discretionary authority to manage your account through selection of an overlay manager ("Overlay Manager") and, optionally, a third-party strategist ("Strategist") and/or third-party managers ("Managers"; collectively, "Third-Party Service Providers"). If utilized for your account(s), we will separately provide you with the firm brochure (Part 2 of Form ADV) for the applicable Third-Party

Service Provider(s) which includes information about their services, model portfolios, and investment strategies. It is our responsibility to monitor the performance of these Third-Party Service Providers. Ethos will maintain the authority to replace any Strategist and/ or Manager associated with your account(s) when we deem doing so is in your best interest.

In addition, you will authorize the custodian to follow our instructions as well as instructions given by Overlay Manager to effect transactions, deliver securities, deduct fees, and take other actions with respect to your account(s).

The timing of trades in your account(s) will primarily depend upon the model portfolio or changes in the model portfolio and, generally, will not take into consideration how long you may have held the position indicated by the model portfolio – unless the optional tax overlay management services are elected. Tax Overlay Management is available only to U.S. account holders. By default, accounts are managed without Tax Overlay Management services unless specifically elected by you.

### **Tax Overlay Management Services**

Tax overlay management services are available as an option for accounts utilizing the Investment Program through the Overlay Manager. If you elect tax overlay management services, the portion of your fee paid as the management fee on your account will increase. The Overlay Manager will develop a tax

strategy for your account based on the information and instructions provided by us on your behalf. Tax overlay management services in an investment account offer benefits and limitations, as described below. The tax strategy developed for you by the Overlay Manager is provided solely in connection with your account and the Overlay Manager does not provide general tax planning services. If you do elect the tax overlay management services option, please consider the following:

- The Overlay Manager will implement tax overlay management services based on the information and instructions provided by us for your account(s).
- The Overlay Manager does not provide general tax advice, tax return preparation or tax planning services.
- The Overlay Manager will seek to reduce the overall tax burden of the account while seeking to maintain the risk and return characteristics of the model portfolios received from Strategists and/or Managers.
- When providing tax overlay management services to the account, short-term gains are avoided where possible, but long-term gains are not limited unless you have requested a mandate to limit realized long-term gains.

The Overlay Manager will provide tax overlay management services with the assumption that the Overlay Manager will continue to provide services to the account for an entire tax year. The termination or removal of the tax overlay management services before the completion of an entire tax year may result in adverse tax consequences, including without limitation realization of short-term capital gains. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

## **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

### **Consulting Services**

Ethos offers a range of consulting services including allocation research, risk analysis, benchmarking, and manager assessment. These services are provided pursuant to specialized engagements individually negotiated with Ethos's clients based upon their specific needs and objectives.

In performing its services, Ethos is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is authorized to rely on such information. Ethos may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Ethos recommends its own services or the services of any of its Advisory Affiliates (as set forth in Item 10). The client is under no obligation to act upon any of the recommendations made by Ethos under a consulting engagement or to engage the services of any such recommended professional, including Ethos itself. The client retains discretion over all such implementation decisions and is free to accept or reject any of Ethos's

recommendations. Clients are advised that it remains their responsibility to promptly notify Ethos if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Ethos's previous recommendations and/or services.

### **Financial Planning**

To the extent specifically requested by a client, Ethos may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Ethos's planning and consulting fees are charged either at an hourly rate or annual fee, subject to a minimum of \$1,000; however, discounted rates can and may be offered. The fees charged are dependent upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging Ethos to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with Ethos setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Ethos commencing services.

If requested by the client, Ethos will recommend the services of other professionals for implementation purposes, including Ethos's representatives in their individual capacities as registered representatives of a broker-dealer, or licensed insurance agents. (*See* disclosure at Item 10.C.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Ethos. It remains the client's responsibility to promptly notify Ethos if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Ethos's previous recommendations and/or services.

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information, and analysis are considered as they impact, and are impacted by, the entire financial and life situation of the client. Clients purchasing this service either receive a written report or access to software which provides the client with a detailed financial plan designed to assist the client in achieving his or her financial goals and objectives. In general, the financial plan can address any or all the following areas:

- **PERSONAL:** Ethos reviews family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** Ethos analyzes the client's income tax and spending and planning for past, current, and future years; then illustrates the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** Ethos analyzes investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** Ethos reviews existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home, and automobile.
- **RETIREMENT:** Ethos analyzes current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** Ethos reviews the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** Ethos assists the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid, and elder law. Ethos gathers required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. Ethos carefully reviews documents supplied by the client, including a questionnaire completed by the client, and prepares a written report. Should the client choose to implement the recommendations contained in the plan, Ethos suggests the client work closely with their attorney, accountant, insurance agent, and/or

investment adviser. Implementation of financial plan recommendations is entirely at the client's discretion.

Ethos also provides general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning. Investment recommendations in financial plans may include any or all the following:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund share
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Any investments held by the client at the inception of the advisory relationship

Typically, the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided. Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature and should be reviewed with your attorney, accountant or other professional as appropriate prior to implementation.

## MISCELLANEOUS

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services:** As indicated above, to the extent requested by the client, Ethos may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Ethos is not a law firm or accounting firm, and no portion of its services should be construed as legal, tax or accounting advice. Accordingly, Ethos does not prepare estate planning documents or tax returns. To the extent requested by a client, Ethos may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance agents, etc.), including representatives of Ethos in their separate individual capacities as registered representatives of Innovation Partners, LLC (“Innovation Partners”) (individually and/or collectively, “Third Party BD”), each a FINRA member broker-dealer and/or as insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Ethos and/or its representatives (See Item 10 below). The recommendation by Ethos’s representative that a client purchase a security or insurance commission product in his/her separate and individual capacity as a registered representative of a Third-Party broker dealer, and/or as an insurance agent, presents a conflict of interest, as the receipt of commissions provides an incentive to recommend investment or insurance products based on commissions to be received, rather than on a particular client’s need. No client is under any obligation to purchase any securities or insurance commission products through such a representative. Clients are reminded that they may purchase securities or insurance products recommended by Ethos through other, non-affiliated broker-dealers or insurance agencies.

**Retirement Rollovers-Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in one or a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over



to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which would, depending upon the client’s age, result in adverse tax consequences). If Ethos recommends that a client roll over their retirement plan assets into an account to be managed by Ethos, such a recommendation creates a conflict of interest as Ethos will earn new (or increase its current) compensation because of the rollover. No client is under any obligation to roll over retirement plan assets to an account managed by Ethos.

When Ethos provides investment advice to you regarding your retirement plan account, individual retirement account, or other qualified asset under ERISA, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so Ethos operates under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Clients can engage Ethos to provide either education or recommendations with respect to qualified ERISA assets including:

- from a qualified plan to an IRA;
- from an existing third-party IRA to an IRA;
- changing the account type of an existing IRA;
- from a qualified plan to another qualified plan; and
- from an IRA to qualified plan rollover.

Such provisions also extend to other qualified assets such as Education Savings Accounts and retirement annuities. Clients should fully understand all the conflicts, risks, costs & expenses, as well as potential benefits associated with moving qualified retirement assets. Clients are under no obligation to accept or follow Ethos’s recommendations.

### **Unaffiliated Private Funds**

Ethos may also provide investment advice regarding unaffiliated private investment funds. Ethos, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. Ethos’s role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of “assets under management” for purposes of Ethos calculating its investment advisory fee. Ethos’s clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in the Fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client that elects to invest in the Fund will be required to complete a Subscription Agreement, pursuant to which the client shall establish that the client is qualified to invest in the Fund and acknowledges and accepts the various risk factors that are associated with such an investment.

If Ethos references private investment funds owned by the client on any supplemental account reports prepared by Ethos, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. If the fund sponsor does not provide a post-purchase valuation, then the valuation shall reflect the initial purchase price (and/or a value as of a previous date) or the current value(s) (either the initial purchase price and/or the most recent valuation provided by the fund sponsor). If the valuation reflects the initial purchase price (and/or a value as of a previous date), then the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price. The client’s advisory fee shall be based upon such reflected fund value(s). Some private investment funds offered to clients on a non-discretionary basis are funds in which Ethos personnel are general partners. This creates a conflict of interest, as it is an incentive to recommend those funds to our clients. Clients are under no obligation to consider or make an investment in any private investment fund.

Use of Mutual and Exchange Traded Funds: Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client may obtain many, if not all, of the funds(securities) utilized by Ethos in managing client assets independent of engaging Ethos as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Ethos's initial and ongoing investment advisory services. In addition to Ethos's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

Cash Positions: At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Ethos may increase or maintain higher cash positions. Absent a specific written agreement to the contrary, cash positions (i.e., cash, money markets, etc.) are generally included as part of assets under management for the purposes of calculating Ethos's advisory fee.

Portfolio Activity: Ethos has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Ethos will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Ethos determines that changes to a client's portfolio are neither necessary nor prudent. There can be no assurance that investment decisions made by Ethos will be profitable or result in any specific performance level(s). Clients pay Ethos advisory fees regardless of whether their account increases or decreases in value.

Fee Differentials: As discussed above and indicated below at Item 5, Ethos shall generally price our advisory services based upon various objective and subjective factors. As a result, our clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered, and client negotiations. As a result of these factors, similarly situated clients could pay different fees, and the services provided by Ethos to any client could be available from other advisers at lower, or greater, cost. Before engaging Ethos to provide investment advisory services, clients are required to enter into a discretionary or non-discretionary IMA, setting forth the terms and conditions of the engagement (including termination), which includes the fees and services to be provided.

Non-Discretionary Accounts Service Limitations: Clients that engage Ethos on a non-discretionary basis acknowledge that Ethos cannot affect any account transactions without first obtaining consent to such transaction(s) from the client directly. In the event Ethos would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, Ethos would be unable to affect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent. As a result, recommended trades for non-discretionary accounts will be delayed and, in some cases, may not be executed at all.

Independent Managers: Ethos may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) will have day-to-day responsibility for the active discretionary management of the allocated assets. Ethos will continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. The factors Ethos considers in recommending Independent Manager(s) include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

The investment management fee charged by the Independent Manager(s) is separate from, and in addition to, Ethos's advisory fee as set forth in the fee schedule at Item 5 below and which will be

disclosed to the client before entering into the Independent Manager engagement and/or subject to the terms and conditions of a separate agreement between the client and the Independent Manager(s).

Sub-Advisory Engagements.

Ethos may also serve as a sub-adviser to unaffiliated registered investment advisers per the terms and conditions of a written Sub-Advisory Agreement. With respect to its sub-advisory services, the unaffiliated investment advisers that engage Ethos's sub-advisory services maintain both the initial and ongoing day-to-day relationship with the underlying client, including initial and ongoing determination of client suitability for Ethos's designated investment strategies and or programs. If the custodian/broker-dealer is determined by the unaffiliated investment adviser, Ethos will be unable to negotiate commissions and/or transaction costs, and/or seek better execution. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case through alternative clearing arrangements recommended by Ethos. Higher transaction costs adversely impact account performance.

Inverse/Enhanced Market Strategies: Ethos may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. Furthermore, Ethos may hold these positions for longer than the one day that many fund prospectuses suggest, which may lead to additional risks. For periods longer than a single day, these funds will lose money when the level of the underlying indices are flat, and it is possible that the funds will lose money even if the level of the indices either increase or decrease (if inverse). Longer holding periods, higher index volatility, inverse exposure, and levered exposure each exacerbate the impact of compounding on an investor's returns. During periods of high index volatility, the volatility of the indices may affect the returns of the funds as much as, or more. than the return of the indices. In light of these enhanced risks/rewards, a client may direct Ethos, in writing, not to employ any or all such strategies for his/her/their/its accounts.

Client Obligations: In performing its services, Ethos shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Ethos if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Ethos's previous recommendations and/or services.

Disclosure Statement: A copy of Ethos's written disclosure statement as set forth on Part 2 of Form ADV and Form CRS shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Management Agreement and/or Financial Planning and Consulting Agreement*.

**C.** Ethos shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Ethos shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on Ethos's services.

**D.** Ethos does not participate in any wrap fee programs.

**E.** As of 12/31/2022, Ethos manages 1,810 discretionary accounts with regulatory assets under management of \$516,652,721. Ethos also manages 5 non-discretionary accounts with regulatory assets under management of \$135,185,089. This totals 1,815 accounts at \$651,837,810 regulatory assets under management.

## Item 5 - Fees and Compensation

### A. INVESTMENT ADVISORY SERVICES

Our annual fees for Investment Advisory Services are based upon a percentage of assets under management and generally range from 0.25% to 2.0%. Please see each individual advisor for their specific fee schedule.

A minimum of \$100,000 of assets under management is typically required for this service. Minimum account size may be waived by Ethos at its discretion. Ethos does not have a minimum asset management fee.

Fee Differentials/Conflict of Interest: Ethos shall receive an investment advisory fee based upon a percentage (%) of the market value of the assets placed under management (between 0.25% and 2.00%). Fees vary depending upon the complexity of the client relationship. Services provided by Ethos to any client may be available from other advisers at a lower fee. All clients and prospective clients should be guided accordingly. Since an Ethos investment adviser representative receives a portion of the advisory fee charged to the client, a material conflict of interest exists because an increase in the management fee paid by the client will result directly in increased compensation received by Ethos's representative.

Limited Negotiability of Advisory Fees: Although Ethos has established the fee ranges(s), Ethos retains the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the appropriate fee schedule. Factors include the complexity of the client, volume, and type of assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition and reporting requirements, among other factors. Each client's specific annual fee schedule is outlined in the IMA between the adviser and the client.

### CONSULTING

Ethos provides investment consulting services for a fixed fee. These fees are negotiable, but generally range from \$10,000 to \$250,000 and can be one time, quarterly or annually, depending on the level and scope of the services provided and the resources engaged. Fees vary based on the services provided and are outlined pursuant to a Consulting Agreement executed by the client.

### FINANCIAL PLANNING

To the extent specifically requested by a client, Ethos may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Ethos's planning and consulting fees are outlined in a separate financial planning agreement between the client and Ethos's advisors directly. Financial planning fees are separate from, and in addition to, any investment management fees charged by Ethos.

### GENERAL

Mutual Fund and ETF Fees: All fees paid to Ethos for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the value of the advisory services being provided.

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed

by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**B.** Clients generally elect to have Ethos's advisory fees deducted from their custodial account directly. Both Ethos's IMA and the custodial/clearing agreement authorize the custodian to debit the account for Ethos's investment advisory fee and to directly remit that management fee to Ethos in compliance with regulatory procedures. In the limited event that Ethos bills the client directly, payment is due promptly upon receipt of Ethos's invoice.

**C.** As discussed below, unless the client directs otherwise or an individual client's circumstances require, Ethos shall generally recommend *Schwab* to serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge transaction fees for effecting certain securities transactions).

In addition to Ethos's investment management fee and transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

Tradeaway/Prime Broker Fees. Relative to its discretionary investment management services, when beneficial to the client, individual equity and/or fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur either or both of two possible charges; (1) the fee (commission, mark-up/mark-down) charged by the executing broker-dealer, and (2) a separate trade-away and/or prime broker fee charged by the account custodian

Margin Accounts: Ethos may trade client accounts on margin if granted authorization. A margin account may incur margin interest which will be charged in addition to Ethos's advisory fee. Ethos's advisory fee will be based on total assets under management, inclusive of any margin balance held in a client's account. This creates a potential conflict of interest because the use of margin generally increases the total assets under management. Clients are under no obligation to authorize Ethos's use of margin.

**D.** Ethos's annual investment advisory fee is generally billed monthly in arrears based on the daily weighted average balance of the assets under management during the previous month. The billing method is specifically indicated in the client's IMA.

The IMA between Ethos and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the IMA.

### ***Brokerage Practices***

**Securities Commission Transactions.** If the client desires, the client can engage certain of Ethos's representatives, in their individual capacities, as registered representatives of Third-Party FINRA member broker-dealers ("Third-Party BD"), to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through a Third-Party BD, the Third-Party BD will charge brokerage commissions to effect securities transactions, a portion of which commissions these firms shall pay to Ethos's representatives, as applicable. The brokerage commissions charged by the Third-Party BD may be higher or lower than those charged by other broker-dealers. In addition, representatives of a Third-Party BD, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from through a Third-Party BD presents a conflict of interest, as the receipt of commissions may provide an incentive for dually registered employees to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Ethos's representatives through a Third-Party BD.

2. Clients may purchase investment products recommended by Ethos through other, non-affiliated broker dealers or agents.

3. When Ethos's representatives sell an investment product on a commission basis, Ethos does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Ethos's representatives do not also receive commission compensation for such advisory services. However, a client may engage Ethos to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Ethos's representatives on a separate commission basis.

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

Under certain circumstances, Ethos may enter performance-based fee arrangements in accordance with Rule 205-3 of the Investment Advisers Act of 1940. The management of accounts with different advisory fee rates and/or fee structures, including accounts that pay advisory fees based on account performance, may raise potential conflicts of interest by creating an incentive to favor higher-fee accounts. These potential conflicts include, among others:

- The most attractive investments could be allocated to higher-fee accounts or performance fee accounts.
- The trading of higher-fee accounts or performance fee accounts could be favored as to timing and/or execution price. For example, higher-fee accounts or performance fee accounts could be permitted to sell securities earlier than other accounts when a prompt sale is desirable or to buy securities at an earlier and more opportune time.
- The trading of other accounts could be used to benefit higher-fee accounts ("front-running").
- The investment management team could focus their time and efforts primarily on higher-fee accounts or performance fee accounts due to a personal stake in compensation.

Ethos attempts to address these potential conflicts of interest relating to higher-fee accounts or performance fee accounts through various compliance policies that are generally intended to place all accounts, regardless of fee structure, on the same footing for investment management purposes. For example, under Ethos' policies:

- Performance fee accounts are included in all standard trading and allocation procedures with all other accounts.
- All accounts managed in the same style trade in parallel with allocations of similar accounts based on the procedures generally applicable to those accounts.
- All trading by an adviser who has clients with performance-based fees must be affected through the same trading desks and normal queues and procedures must be followed (i.e., no special treatment is permitted for performance fee accounts or higher-fee accounts based on account fee structure).

Ethos seeks to ensure that all clients are treated fairly and equitably over time regardless of the type of client, level of services provided, or the nature of its fee compensation.

## Item 7 - Types of Clients

Clients shall generally include individuals, trusts, family offices, and business entities related to those clients. Ethos generally requires a minimum investment asset level of \$100,000 for investment advisory services. Ethos, in its sole discretion, may reduce or waive its minimum asset requirement based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

**A.** The Advisor employs a combination of methods to analyze potential investments strategies and risk of loss. These include both quantitative and qualitative research techniques. Examples of quantitative techniques include, but are not limited to, risk factor analysis, historical simulation, and risk contribution analysis. The Advisor also employs fundamental analysis techniques based on primary, academic and third-party research spanning global macroeconomic and security specific analysis.

Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Ethos) will be profitable or equal any specific performance level(s). Investing in securities involves risk of loss that clients should be prepared to bear.

**B.** Ethos's method of analysis does not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis Ethos must have access to current/new market information. Ethos has no control over the dissemination rate of market information; therefore, unbeknownst to Ethos, certain analyses may be compiled with outdated market information, severely limiting the value of its analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Ethos's primary investment strategies – Long-Term Purchases and Short-Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment period to potentially develop but, because of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy.

### **POTENTIAL RISKS OF INVESTING WITH FUNDS, EQUITIES, BONDS, AND OPTIONS**

#### **Leveraged ETFs Risk**

An investment in Leveraged ETFs involves significant risk. Leveraged ETFs attempt to deliver a multiple on their stated index. This is typically done using strategies employing swap agreements and futures contract by the ETF. These ETFs can have multiples up to 3x which means they are attempting to increase return by three times. It also means that, should the value of the portfolio decrease, the Leveraged ETF will have a more significant loss than had it not been leveraged. If held for more than a single day, these ETFs have greater risks than the use of leverage in investing, due to the compounding of daily leveraged returns for each trading day during the relevant trading period. Furthermore, Ethos may hold these ETFs for longer than the one day that many fund prospectuses suggest, leading to additional risks. Consequently, especially in periods of market volatility, the volatility of the underlying index may affect an ETF's return as much as, or more than, the return of the underlying index. During periods of high volatility, these ETFs may not perform as expected and the ETFs may have losses when

an investor may have expected gains if the ETFs are held for a period that is different than one trading day. In addition, the Advisor may invest in Inverse Leveraged ETFs, which combine the risks mentioned with both the Inverse ETFs and Leveraged ETFs. Therefore, while there can be a benefit in using Leveraged ETFs, these products present additional risk versus non-leveraged ETFs and will exacerbate any investment losses.

### **Redemption Fee Risk**

A mutual fund redemption fee, also referred to as a "redemption fee," "market timing fee," or "short-term trading fee," is a charge by a mutual fund company to discourage investors from making a short-term purchases and sales of mutual fund shares. Clients may incur redemption fees if a model update is implemented, as Ethos and the Overlay Manager generally would not consider individual Client holding periods for existing Client portfolios. Redemption fees vary by mutual fund and are described in each mutual fund's prospectus. Imposition of redemption fees can have a material impact on the performance of Program accounts.

### **Stock Market Risk**

Mutual funds that invest in equity securities are subject to stock market risk. Stock market risk is the possibility that stock prices overall will decline over short or extended periods. Markets tend to move in cycles, with periods of rising prices and periods of falling prices. Investing in small or medium-sized companies involves greater risk than is customarily associated with more established companies. Stocks of such companies may be subject to more volatility in price than larger company securities.

### **Foreign Securities Risk**

Foreign securities are subject to the same market risks as U.S. securities, such as general economic conditions and company and industry prospects. However, foreign securities involve the additional risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency conversion; and pricing factors affecting investment in the securities of foreign businesses or governments.

### **Interest Rate Risk**

Bonds also experience market risk because of changes in interest rates. The general rule is that if interest rates rise, bond prices will fall and so will the mutual fund's share price. The reverse is also true: if interest rates fall, bond prices will generally rise.

A bond with a longer maturity (or a bond fund with a longer average maturity) will typically fluctuate more in price than a shorter-term bond. Because of their very short-term nature, money market instruments carry less interest rate risk.

### **Credit Risk**

Bonds and bond mutual funds are also exposed to credit risk, which is the possibility that the issuer of a bond will default on its obligation to pay interest and/or principal. U.S. Treasury securities, which are backed by the full faith and credit of the U.S. Government, have limited credit risk, while securities issued or guaranteed by U.S. Government agencies or government-sponsored enterprises that are not backed by the full faith and credit of the U.S. Government may be subject to varying degrees of credit risk. Corporate bonds rated BBB or above by Standard & Poor's are generally considered to carry moderate credit risk. Corporate bonds rated lower than BBB are considered to have significant credit risk. Of course, bonds with lower credit ratings generally pay a higher level of income to investors.

### **Liquidity Risk**

Liquidity risk exists when a particular security is difficult to trade. A mutual fund's investment in illiquid securities may reduce the returns of the mutual fund because the mutual fund may not be able to sell the assets at the time desired for an acceptable price or might not be able to sell the assets at all.



## **Call Risk**

Many fixed income securities have a provision allowing the issuer to repay the debt early, otherwise known as a "call feature." Issuers often exercise this right when interest rates are low. Accordingly, holders of such callable securities may not benefit fully from the increase in value that other fixed income securities experience when rates decline. Furthermore, after a callable security is repaid early, a mutual fund would reinvest the proceeds of the payoff at current interest rates, which would likely be lower than those paid on the security that was called.

## **Objective/Style Risk**

All mutual funds are subject, in varying degrees, to objective/style risk, which is the possibility that returns from a specific type of security in which a mutual fund invests will trail the returns of the overall market.

## **U.S. Government Agency Securities Risk**

Securities issued by U.S. Government agencies or government-sponsored entities may not be guaranteed by the U.S. Treasury. If a government sponsored entity is unable to meet its obligations, the securities of the entity will be adversely impacted.

## **Options Strategies**

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by Ethos shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. Although the intent of the options-related transactions that may be implemented by Ethos is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. Considering these enhanced risks, client may direct Ethos, in writing, not to employ any or all such strategies for his/her/their/its accounts. Ethos performs the same quantitative and qualitative methods of analysis listed previously when determining if affiliated funds should be included within a respective Ethos investment model. Affiliated funds are generally included within certain models because they provide the advisor with access to a larger investment universe, the ability to adjust internal model risk quickly and efficiently, reduce overall underlying model expenses by reducing layers of fund fees improving tax efficiency because of the tax-advantages associated with ETFs in general.

C. Currently, Ethos primarily allocates client investment assets among various mutual funds (including closed end funds) and exchange traded funds ("ETFs") (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), individual equities (stocks), and debt instruments (bonds) on a discretionary or non-discretionary basis in accordance with the client's designated investment objective(s). The Advisor allocates investment management assets of its client accounts on a discretionary and non-discretionary basis, using its proprietary asset allocation program. Advisor's asset allocation strategy has been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Advisor's asset allocation program, with a non-exclusive safe harbor from the definition of an investment company.

In accordance with Rule 3a-4, the following disclosure is applicable to Ethos's management of client assets:

1. Initial Interview – at the opening of the account, Ethos through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;

2. Individual Treatment - the account is managed based on the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly Ethos shall notify the client to advise Ethos whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, Ethos shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – Ethos shall be reasonably available to consult with the client relative to the status of the account;
6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct Ethos not to purchase certain securities;
8. No Pooling – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account - a separate account is maintained for the client with the Custodian;
10. Ownership – each client retains indicia of ownership of the account (e.g., right to withdraw securities or cash, exercise, or delegate proxy voting, and receive transaction confirmations).

Ethos believes that its investment management fee is reasonable in relation to: (1) the advisory services provided under its client agreement; and (2) the fees charged by other investment advisers offering similar services/programs. However, Ethos's annual investment management fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Ethos's annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level, if applicable (e.g., management fees and other fund expenses).

Please Note: Ethos's investment program may involve above- average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

## Item 9 - Disciplinary Information

The Advisor and its Principals have not been involved in disciplinary events related to past or present investment clients. Ethos has no other information responsive to this section.

## Item 10 - Other Financial Industry Activities and Affiliations

### A. REGISTERED REPRESENTATIVES OF A BROKER DEALER

As disclosed above, certain of Ethos's representatives are, in a separate and independent capacity, registered representatives of Third-Party BD, each a FINRA member broker-dealer. Therefore, clients can choose to engage Ethos's representatives, in their individual capacities as representatives of a Third-Party BD, to affect securities brokerage transactions on a commission basis pursuant to a separate Third-Party BD agreement.

Conflict of Interest: The recommendation that a client purchase a commission product from an affiliated registered representative presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Ethos's representatives. Clients are reminded that they may purchase securities products recommended by Ethos through other, non-affiliated registered representatives.

B. Neither Ethos, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

C. **Broker Dealer.** As disclosed above in Item 5.E, certain of Ethos's representatives are registered representatives of FINRA member broker-dealers. Clients can choose to engage Ethos's representatives, in their individual capacities, to affect securities brokerage transactions on a commission basis.

### LICENSED INSURANCE AGENTS

Certain Associated Persons of Ethos, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4 B above, clients can engage certain of Ethos's representatives to effect insurance transactions on a commission basis.

Conflict of Interest: The recommendation by certain representatives of Ethos, that a client purchase a securities or insurance commission product presents a material conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from any representatives of Ethos. Clients are reminded that they may purchase securities and insurance products recommended by Ethos through other, non-affiliated licensed insurance agents or registered representatives.

### OTHER PRIVATE FUND

Certain employees of the Adviser may sponsor or otherwise receive financial benefits from unaffiliated private fund(s) in which the Adviser's clients can invest. This presents a conflict of interest in that a financial advisor of the Adviser may receive compensation beyond the Adviser's customary management fee. Such investments are limited to Qualified Investors and Clients are advised of this potential conflict prior to investing and Clients are under no obligation to follow any particular investment recommendation.

Certain employees of Ethos may be affiliated with other investment advisers and/or other private funds.

### BRANCH OFFICES

Our firm offers services through our network of investment advisor representatives ("Advisor Representatives" or "IARs"). IARs may have their own legal business entities whose trade names and logos are used for marketing purposes and may appear on marketing materials or client statements. The

Client should understand that the businesses are legal entities of the IAR and not of Ethos. The IARs are under the supervision of Ethos, and the advisory services of the IARs are provided through Ethos.

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

**A.** Ethos maintains an investment policy relative to personal securities transactions. This investment policy is part of Ethos's overall Code of Ethics, which serves to establish a standard of business conduct for all of Ethos's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Ethos also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Ethos or any person associated with Ethos.

**B.** Neither Ethos nor any related person of Ethos recommends, buys, or sells for client accounts, securities in which Ethos or any related person of Ethos has a material financial interest other than those disclosed herein.

**C.** Ethos and/or representatives of Ethos may buy or sell securities that are also recommended to clients. This practice may create a situation where Ethos and/or representatives of Ethos are able to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Ethos did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Ethos's clients) and other potentially abusive practices.

Ethos has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Ethos's "Access Persons." Ethos's securities transaction policy requires that Access Person of Ethos must report through the automated compliance system their current securities holdings within ten (10) days after becoming an Access Person. Thereafter, the Access Person shall report through the automated compliance system each quarter detailing the Access Person's personal account transactions. Each Access Person must attest to their current securities holdings at least once each twelve (12) month period.

**D.** Ethos and/or representatives of Ethos may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Ethos and/or representatives of Ethos are able to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11C, Ethos has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Ethos's Access Persons.

## Item 12 - Brokerage Practices

Ethos operates its business through multiple custodians across a series of branch offices, and a network of individual advisers. Advisers within the various offices manage client assets independently to the best interest of each individual client or household. As a result, advisers may routinely take similar or contrary positions to other Ethos Advisers. While Ethos attempts to efficiently manage trading across the firm, its decentralized structure and client centric approach to trading may limit its ability to do so.

The Advisor does not select brokers based upon whether Ethos will receive client referrals from a broker dealer or third party. Ethos may recommend a broker to its clients, but the ultimate selection of any broker remains with the client. When recommending a broker Ethos considers several factors including cost, execution capabilities, price, reputation, access to various markets, reporting, and security of client funds.

If the client requests that Ethos recommend a broker-dealer/custodian for execution and/or custodial services, Ethos generally recommends that investment management accounts be maintained at *Schwab*. Prior to engaging Ethos to provide investment management services, the client will be required to enter into a formal *Investment Management Agreement* with Ethos setting forth the terms and conditions under which Ethos shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker dealer/custodian.

Factors that Ethos considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with Ethos, financial strength, reputation, execution capabilities, pricing, research, and service. Although the transaction fees paid by Ethos's clients shall comply with Ethos's duty to obtain best execution, a client may pay a transaction fee that is higher than another qualified broker-dealer might charge to affect the same transaction where Ethos determines, in good faith, that the transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best overall execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, transaction rates, and responsiveness. Accordingly, although Ethos will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions. Unless services are provided in conjunction with a wrap program, transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Ethos's investment advisory fee. Ethos's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### 1. Other Economic Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Ethos receives from *Schwab* support services and/or products, which assist Ethos to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Ethos may be investment-related research, pricing information and market data, software and other technology that simplify access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Ethos in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *can* be received may assist Ethos in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Ethos to manage and further develop its business enterprise.

Ethos's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* because of this arrangement. There is no corresponding commitment made by Ethos to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products because of the above arrangement.

*Schwab*'s services described in this paragraph generally benefit the client and the client's account but may extend beyond a specific client to other client accounts as well.

### **Schwab Custodial Program**

*Schwab* also makes available to us other products and services that benefit us but may not directly benefit the client or their account. These products and services assist us in managing and administering all our clients' accounts. They include investment research, both *Schwab*'s own and that of third parties. We may use this research to service all or some subset of our clients' accounts, including accounts not maintained at *Schwab*. In addition to investment research, *Schwab* also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

*Schwab* also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

*Schwab* may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. *Schwab* may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. *Schwab* may also provide us with other benefits such as occasional business entertainment of our personnel.

Considering our arrangements with *Schwab*, Ethos has an incentive to recommend that clients maintain their accounts with *Schwab*, based on its interest in receiving *Schwab*'s services that benefit its business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a conflict of interest. Ethos believes, however, that its selection of *Schwab* as custodian and broker is in the best interests of its clients. This belief is primarily supported by the scope, quality, and price of *Schwab*'s services and not *Schwab*'s services that benefit only Ethos.

2. Ethos does not receive referrals from broker-dealers.
3. Ethos recommends that its clients utilize the brokerage and custodial services provided by *Schwab*. Ethos does not generally accept directed brokerage arrangements (when a client requires that account transactions be affected 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 Ethos 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 Ethos. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

If the client directs Ethos 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 Ethos. Higher transaction costs adversely impact account performance. In addition, transactions for directed accounts will generally be executed following the execution of portfolio transactions for non- directed accounts.

To the extent that Ethos provides investment management services to its clients, the transactions for each client account generally will be affected independently, unless Ethos decides to purchase or sell the same securities for several clients at approximately the same time. Ethos may (but is not obligated to) combine or “aggregate” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Ethos’ clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Ethos shall not receive any additional compensation or remuneration because of such aggregation.

## Item 13 - Review of Accounts

- A. For those clients to whom Ethos provides investment supervisory services, account reviews are conducted on at least an annual basis by Ethos's Principals. All investment advisory clients should be aware that it remains their responsibility to advise Ethos of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Ethos on at least an annual basis.
- B. Account performance is reviewed periodically by Ethos. Ethos may conduct account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided trade confirmation notices and, no less than quarterly, summary account statements, directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Ethos may also provide a written periodic report summarizing account activity and performance.

## Item 14 - Client Referrals and Other Compensation

As referenced above at Item 12, Ethos receives economic benefits from *Schwab*. Ethos, without cost (and/or at a discount), may receive support services and/or products from these custodians.

Ethos's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* because of this arrangement. There is no corresponding commitment made by Ethos to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangement.

**B.** If a client is introduced to Ethos by either an unaffiliated or an affiliated solicitor, Ethos may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Ethos's investment management fee and shall not result in any additional charge to the client. If the client is introduced to Ethos by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Ethos's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Ethos and the solicitor, including the compensation to be received by the solicitor from Ethos.

## Item 15 - Custody

Ethos clients' assets are held in custody by unaffiliated broker/dealers or custodians and Ethos can have its advisory fee for each client debited by the custodian monthly. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker dealer/custodian and/or program sponsor for the client accounts. Ethos may also provide a written periodic report summarizing account activity and performance.

To the extent that Ethos provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Ethos with the account statements received from the account custodian. The account custodian does not verify the accuracy of Ethos's advisory fee calculation.

Assets of clients who have invested in the model portfolios are held in custody by unaffiliated broker/dealers or custodians. Clients should receive at least quarterly statements from the broker/dealer or custodian that holds and maintains the client's assets. Ethos urges you to carefully review such statements and compare the official custodial records to the account statements provided to you by your financial intermediary. The financial intermediary performance reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

All Private Fund assets, other than interests in the Underlying Funds, are held in custody by unaffiliated broker/dealers or banks. Investors in the Private Funds (affiliated or non-affiliated) do not receive statements from the custodian of the activity within the Private Funds. Instead, the third-party administrator to the Private Funds distributes periodic performance and net asset value statements to each investor, and the Private Funds are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to the investors.



**Custody Situations:** Ethos engages in other practices and/or services on behalf of its clients that require disclosure in the ADV Part 1, Item 9. That is, certain clients have established asset transfer authorizations which permit the qualified custodian to rely upon instructions from Ethos to transfer client funds or securities to third parties. These arrangements are also disclosed at ADV Part 1, Item 9, but in accordance with the guidance provided in the SEC's February 21, 2017, Investment Adviser Association No-Action Letter, the affected accounts **are not** subject to an annual surprise CPA examination.

## Item 16- Investment Discretion

The client can determine to engage Ethos to provide investment advisory services on a discretionary basis. Prior to the Advisor assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Management Agreement*, naming the Advisor as the client's attorney and agent in fact, granting the Advisor full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Ethos on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Advisor's discretionary authority (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Advisor's use of margin, etc.).

## Item 17 - Voting Client Securities

**A.** Ethos does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

**B.** Clients will receive their proxies or other solicitations directly from the custodian. Clients may contact Ethos to discuss any questions they may have with a particular solicitation.

## Item 18 - Financial Information

The Advisor is not required to include a balance sheet for our most recent fiscal year end because Ethos does not require or solicit more than \$1,200 in fees per client, six months or more in advance. Ethos has not been the subject of a bankruptcy petition during the past ten years and is not aware of any financial commitment that might impair its ability to meet contractual and fiduciary obligations to clients.