

## Form ADV Part 2A Brochure

Cover Page - Item 1



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**d/b/a: Croak Asset Management**  
**CRD# 297666**

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**May 4, 2023**

This brochure provides information about the qualifications and business practices of Croak Asset Management. If you have any questions about the contents of this brochure, contact us at 419-464-7000. 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 Croak Asset Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Croak Asset Management is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Material Changes - Item 2

The purpose of this page is to inform you of any material changes since the previous version of this disclosure brochure.

On March 28, 2023, we submitted our annual updating amendment filing for fiscal year 2022. We have updated several sections of our Brochure to provide information about the recommendation of TD Ameritrade and/or Schwab as a custodial broker-dealer, the additional benefits we receive from TD Ameritrade and/or Schwab, and the associated conflicts of interest. Please refer to the various sections within this Part 2 Brochure for additional disclosure information.

On May 10, 2022, we completed a rewrite of our entire Form ADV Part 2A Brochure. We encourage our clients to read this document in its entirety to familiarize themselves with our firm, our services, associated fees, outside businesses, business practices, conflicts of interest, and other important disclosures.

We will review and update, as needed, our brochure at least annually to make sure that it remains current. If you would like to receive a complete copy of our current brochure free of charge at any time, please contact us at (419) 464-7000 or at [service@camtoledo.com](mailto:service@camtoledo.com) or [ecroak@camtoledo.com](mailto:ecroak@camtoledo.com).

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#### **Advisory Business - Item 4**

##### **Description of Firm**

Croak Asset Management, LLC d/b/a Croak Asset Management is a registered investment adviser based in Toledo, OH. We are organized as a limited liability company ("LLC") under the laws of the State of Ohio. We have been providing investment advisory services since 07/01/2018. We are owned by Timothy R. Croak and Eric T. Croak.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to Croak Asset Management and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

##### **Portfolio Management Services**

We offer discretionary and non-discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives.

If you participate in our discretionary portfolio management services, we require you to grant us discretionary authority to manage your account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on your behalf. Discretionary authorization will allow us to determine the specific securities, and the number of securities, to be purchased or sold for your account, the broker or dealer to be used for securities transactions, and over the commission rates to be paid without obtaining your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms.

You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

We may also offer non-discretionary portfolio management services. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

As part of our portfolio management services, in addition to other types of investments (see disclosures below in this section), we may invest your assets according to one or more model portfolios developed by our firm. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Clients whose assets are invested in model portfolios may not set restrictions on the specific holdings or allocations within the model, nor the types of securities that can be purchased in the model. Nonetheless, clients may impose restrictions on investing in certain securities or types of securities in their account. In such cases, this may prevent a client from investing in certain models that are managed by our firm.

For clients who engage our firm for Portfolio Management Services we provide investment consulting to their portfolio assets not under our direct management. These assets could include the client's defined contribution plan, variable annuity, trust account, or self-directed IRA. For additional information, please refer to the Financial Consulting Services below and in the Fees and Compensation section of this brochure.

##### **Held Away Account Services**

As part of our overall portfolio management services, we provide asset allocation review, rebalancing and management services for accounts that are not held in custody of the qualified custodian(s) recommended by our firm. These services are provided through an account aggregation service called Pontera (formerly FeeX). The

service primarily applies to ERISA and non-ERISA plan assets such as 401(k)s and 403(b)s, and other assets that must be held in custody of the plan custodian(s). We regularly review the available investment options in these accounts, monitor them, and periodically rebalance and implement our strategies using different tools as necessary. If you elect to allow our firm to manage your assets through Pontera, you will be notified via email when Fusion places trades through Pontera.

The client will grant access to Croak Asset Management via an online link provided by a third party. At no time will Croak Asset Management ask for, store, or use your passwords to online accounts. All information regarding these accounts will be held by a third party.

**Note: As of January 2022, non-wrap portfolio management services are no longer offered by the firm. The firm is in the process of transitioning all clients to the Croak Asset Management Wrap Fee Program.**

#### **Selection of Other Advisers**

We may direct clients to third-party investment advisers. Before selecting other advisers for clients, we will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where we are recommending the adviser to clients.

#### **Financial Planning and Consulting Services**

We offer financial planning and consulting services, which typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. These services can range from broad-based financial planning to consultative or single subject planning. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Once we review and analyze the information you provide to our firm and the data derived from our financial planning software, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives. As part of our overall financial planning and consulting services, we may assist clients with the possibility of utilizing Internal Revenue Code Section 1031, tax deferred exchanges, and we may recommend that the client invest their exchange proceeds into Delaware Statutory Trusts.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any firm.

#### **Pension Consulting Services**

We offer pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, education services to plan participants, investment performance monitoring, and/or ongoing consulting. These pension consulting services will generally be non-discretionary and advisory in nature. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

We may also assist with participant enrollment meetings and provide investment-related educational seminars to plan participants on such topics as:

- Diversification
- Asset allocation
- Risk tolerance
- Time horizon

Our educational seminars may include other investment-related topics specific to the particular plan.

We may also provide additional types of pension consulting services to plans on an individually negotiated basis. All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services) shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

#### **Wrap Fee Program(s)**

We are a portfolio manager to and sponsor of a wrap fee program, which is a type of investment program that provides clients with access to several money managers or mutual fund asset allocation models for a single fee that includes, financial planning, administrative fees, management fees, and transaction costs. If you participate in our wrap fee program, you will pay our firm a single fee, which includes our money management fees, certain transaction costs, and custodial and administrative costs. We receive a portion of the wrap fee for our services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program.

Transactions for your account must be executed by TD Ameritrade and/or Schwab, a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by or other broker-dealers, and the advisory fees charged by investment advisers. For more information concerning the Wrap Fee Program, see Appendix 1 to this Brochure.

#### **Types of Investments**

We offer advice on exchange traded funds, equity securities, corporate debt securities, certificates of deposit, municipal securities, variable annuities, mutual fund shares, options contracts on securities, money market funds, and REITs. In addition, if appropriate, we may recommend private placements such as Delaware Statutory Trusts (DSTs), structured notes, or other alternative investments.

Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

#### **Assets Under Management**

As of February 08, 2023, Croak Asset Management manages approximately \$142,773,081 in client assets on a discretionary basis and approximately \$137,600 in client assets on a non-discretionary basis.

### Fees and Compensation - Item 5

#### **Portfolio Management Services**

Our fee for portfolio management services is based on a percentage of the assets in your account and is set forth in the following annual blended fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee Schedule</b>
First \$100,000	1.35%
Next \$150,000	1.25%
Next \$250,000	1.15%
Next \$500,000	1.05%
Over \$1,000,000	0.95%

The annual fee for the first partial quarter will be prorated and paid at the end of the quarter. Subsequently, the fee will be paid quarterly in advance based upon the balance at end of previous quarter. The fee will be adjusted for all inflows and outflows throughout the billing period. Our advisory fee is negotiable, depending on individual client circumstances. The exact fee payable by the client along with the payment method will be clearly listed in the advisory agreement.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts disbursed from your account including the amount of the advisory fee paid directly to our firm.

We encourage you to reconcile our fees with the statement(s) you receive from the qualified custodian. If you have any questions about the statement(s), if you find any inconsistent information between our fees and the statement(s) you receive from the qualified custodian, or, if you did not receive a statement when expected, call our main office number located on the cover page of this brochure.

#### Held Away Account Services - Billing

We charge an annual fee for services provided to these held away accounts, which is deducted from an account under our Investment Management Service on a quarterly basis in advance or at our discretion, we will invoice you for direct payment due upon receipt of the quarterly invoice. Fees are based on the assets within these accounts, and are charged at the standard fee schedule according to the valuation of the accounts at the close of the quarter as valued by the account custodian. All fees, payment options, and terms will be set forth clearly in the advisory agreement.

You may terminate the portfolio management agreement or advisory agreement upon 30 days written notice. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

#### **Selection of Other Advisers Fees**

We may direct clients to third-party investment advisers. We will be compensated via a fee share from the advisers to which we direct those clients. The fees shared are negotiable and will not exceed any limit imposed by any regulatory agency. The notice of termination requirement and payment of fees for third-party investment advisers will depend on the specific third-party adviser selected.

Morningstar Investment Services, LLC

Where we direct clients to Morningstar Investment Services, LLC, the annual fee schedule will be as follows:

Total Assets	Croak Asset Management's Fee	Morningstar's Fee	Total Fee
All Assets	1.35%	0.55%	1.90%

Fees for selection of Morningstar Investment Services, LLC as third-party adviser are withdrawn by Morningstar Investment Services, LLC directly from client accounts. We then receive our portion of the fees from Morningstar Investment Services, LLC.; we do not directly deduct the advisory fees. Fees are paid quarterly in advance.

AssetMark Investment Services Inc.

Where we direct clients to AssetMark Investment Services Inc., the annual fee schedule will be as follows:

Total Assets	Croak Asset Management's Fee	AssetMark's Fee	Total Fee
Up to \$1 million	1.35%	0.45%	1.80%
\$1 million to \$3 million	1.35%	0.35%	1.70%
Over \$3 million	1.35%	0.30%	1.65%

Fees for selection of AssetMark Investment Services Inc. as third-party adviser are withdrawn by AssetMark Investment Services Inc. directly from client accounts. We then receive our portion of the fees from AssetMark Investment Services Inc.; we do not directly deduct the advisory fees. Fees are paid quarterly in advance.

**Financial Planning and Consulting Services Fees**

We charge a fixed fee for financial planning services, which generally ranges from \$250 - \$10,000. The fee is negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives. We do not require you to pay fees six or more months in advance. Should the engagement last longer than six months between acceptance of financial planning agreement and delivery of the financial plan, any prepaid unearned fees will be promptly returned to you less a pro rata charge for bona fide financial planning services rendered to date.

We charge an hourly fee of up to \$300 for financial planning services, which is negotiable depending on the scope and complexity of the plan, your situation, and your financial objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee.

We also offer advice on single subject financial planning/general consulting services at the same hourly rate.

We will not require prepayment of a fee more than six months in advance and in excess of \$1,200.

Our financial planning fees are negotiable and payable in advance of services rendered. You may terminate the financial planning agreement upon 30 days written notice to our firm. If you have pre-paid financial planning fees that we have not yet earned, you will receive a prorated refund of those fees. If financial planning fees are payable in arrears, you will be responsible for a prorated fee based on services performed prior to termination of the financial planning agreement.

1031 Planning and Investments in Delaware Statutory Trusts (DST)

When assisting clients with the possibility of utilizing IRC code Section 1031 tax deferred exchanges, we may recommend that the client invest their exchange proceeds into DST investments. For these services, we charge a



fixed fee of up to 4% of the value of the investment. The fee is negotiable with each client, depending on a number of factors including, but not limited to, the variability of the types of transactions; the number of properties being sold; the number of properties being purchased; the number of DSTs reviewed, analyzed and considered by the client; the number of properties in each DST; the time, expertise and experience of the advisor; and other factors. However, clients should note that a fee in excess of 3% of assets under management are in excess of industry norm and similar advisory services can be obtained for less.

**Important Note:** Information related to legal matters that is provided as part of our services is for informative purposes only. Clients are instructed to contact their legal advisers for personalized legal advice. In providing the contracted services, we are not required to verify any information we receive from you or from your other professionals (e.g., attorney, accountant, etc.), and we are expressly authorized to rely on the information you provide. You must promptly notify our firm of any changes in your financial circumstances or investment objectives that might affect the manner in which your accounts should be managed.

#### **Pension Consulting Services Fees**

Our advisory fees for these customized services will be negotiated with the plan sponsor or named fiduciary on a case-by-case basis.

You may terminate the pension consulting services agreement upon 30 days written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the billing period for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

#### **Additional Disclosures about Fees and Expenses**

##### ERISA Fiduciary Status and IRA Rollovers:

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

When our firm or our Associated Person(s) recommend an investor roll over plan assets into an Individual Retirement Account ("IRA"), we and our Associated Person(s) may earn an asset-based fee as a result. However, no compensation is received if assets are retained in the plan. Thus, we have an economic incentive to encourage an investor to roll plan assets into an IRA. In most cases, your fees and expenses will increase because fees will apply to assets rolled over to an IRA and ongoing services will be extended to these assets.

Further, you may incur other levels of fees and expenses, including, but not limited to, investment-related expenses imposed by other service providers and mutual fund managers not affiliated with us, as well as other fees and expenses charged by the custodian, third-party administrator, and/or record-keeper. We make no representations or warranties relating to any costs or expenses associated with the services provided by any third parties, and you understand that these fees are in addition to the fee paid to us for the rollover advice.

In cases where we provide you with rollover advice as defined by the Department of Labor, which may also include setting up and/or completing the rollover transaction, we do not serve as a custodian, and we do not provide legal or tax advice to you. In addition, we do not have any responsibilities or potential liabilities in connection with assets not related to the rollover and investments that are not managed by us.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make

money creates some conflicts with your interests. In accordance with various rules and regulations, we must act in your best interest and we must not put our interests ahead of your interests. Additionally, we must: meet a professional standard of care when making investment recommendations (give prudent advice); never put our financial interests ahead of yours when making recommendations (give loyal advice); avoid misleading statements about conflicts of interest, fees, and investments; follow policies, and procedures designed to ensure that we give advice that is in your best interest; charge no more than is reasonable for our services; and give you basic information about any conflicts of interest.

We rely on all information you provide to us, whether financial or otherwise, without independent verification. We request that you promptly notify us in writing of any material change in the financial and other information provided to us, and to promptly provide any such additional information as may be reasonably requested by us.

Due to the volatile and unpredictable nature of financial markets, we do not guarantee any future performance, any specific level of performance, or the success of any recommendations or strategies that we may take or recommend for you, or the success of our overall recommendations. Investment recommendations are subject to various market, currency, economic, political, and business risks, and that investment decisions will not always be profitable.

Mutual Fund and ETF Fees: As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds (ETFs). The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses.

Class A shares that transfer into client accounts are periodically converted to the advisory or institutional share class. We strive to ensure that only advisory or institutional share classes exist in accounts, and do not permit purchases of Class A, B or C shares in advisory accounts unless there is no advisory share class available, and no similar mutual fund with an advisory share class exists. Although we anticipate that this would occur infrequently, the purchase would be made at Net Asset Value ("NAV").

You could invest in a mutual fund directly, without the services of Croak Asset Management. In which case, you would not receive the advice provided by us, which is designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition and objectives. Although we use our best efforts to purchase lower cost mutual fund shares when available, some mutual fund companies do not offer institutional classes to us or they do not offer funds that do not pay 12b-1 distribution fees.

Negotiability of Fees: We allow associated persons servicing the account to negotiate the exact investment management fees within the range disclosed in our Form ADV Part 2A Brochure. As a result, the associated person servicing your account may charge more or less for the same service than another associated person of our firm. Further, our annual investment management fee may be higher than that charged by other investment advisors offering similar services/programs. Fees are charged as described above and are not based on a share of capital gains in the account of any advisory client.

Billing on Cash Positions: Our firm treats cash and cash equivalents as an asset class. Accordingly, unless otherwise agreed in writing, all cash and cash equivalent positions (e.g., money market funds, etc.) are included as part of assets under management for purposes of calculating the firm's advisory fee. 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), the firm may maintain cash and/or cash equivalent positions for defensive, liquidity, or other purposes. While assets are maintained in cash or cash equivalents, such amounts could miss market advances and, depending upon current yields, at any point in time, the firm's advisory fee could exceed the interest paid by the client's cash or cash equivalent positions.

Billing on Margin: Unless otherwise agreed in writing, the gross amount of assets in the client's account, including margin balances, are included as part of assets under management for purposes of calculating the firm's advisory fee. Clients should note that this practice would increase total assets under management used to calculate advisory fees, which will in turn increase the amount of fees collected by our firm. This practice creates a conflict of interest in that our firm has an incentive to use margin in order to increase the amount of billable assets. At all times, the firm and its associated persons strive to uphold their fiduciary duty of fair dealing with clients. Clients are free to restrict the use of margin by our firm. However, clients should note that any restriction on the use of margin could negatively impact an account's performance in a rising market.

Periods of Portfolio Inactivity: Our firm has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, the firm 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, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when the firm determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, unless otherwise agreed in writing, the firm's annual investment advisory fee will continue to apply during these periods, and there can be no assurance that investment decisions made by the firm will be profitable or equal any specific performance level(s).

**Compensation for the Sale of Securities or Other Investment Products**

Persons providing investment advice on behalf of our firm are registered representatives with Purshe Kaplan Sterling Investments ("PKS"), a securities broker-dealer, registered investment advisor, member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

In their capacity as registered representatives, these persons receive compensation in connection with the purchase and sale of securities or other investment products, including asset-based sales charges, service fees, or 12b-1 fees, for the sale or holding, of mutual funds. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice to advisory clients on behalf of our firm who are registered representatives have an incentive to recommend investment products based on the compensation received rather than solely based on your needs. Persons providing investment advice to advisory clients on behalf of our firm can select or recommend, and in many instances will select or recommend, mutual fund investments in share classes that pay 12b-1 fees when clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm who receives compensation described above.

In some cases, we will recommend that you purchase variable annuities to be included in your investment portfolio(s). Persons providing investment advice on behalf of our firm will earn commissions on the sale of the variable annuities in their separate capacity as registered representatives of PKS. If these persons earn commission on the sale of variable annuities recommended to you, we will not include the annuity accounts in the total value used for our advisory billing/fee computation. Annuities will be purchased for your account only after you receive a prospectus disclosing the terms of the annuity. You are under no obligation, contractually or otherwise, to purchase variable annuities through any person affiliated with our firm.

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

Any material conflicts of interest between you and our firm, or our employees are disclosed are disclosed to you. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the Fees and Compensation section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

#### Types of Clients - Item 7

We offer investment advisory services to individuals (other than high net worth individuals), high net worth individuals, pension and profit-sharing plans (but not the plan participants), charitable organizations, and corporations or other businesses not listed above.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your account if it falls below a minimum size that, in our sole opinion, is too small to manage effectively.

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

Croak Asset Management advisors may use various methods to determine an appropriate investment strategy for your portfolio with the goal of reducing risk and increasing performance in each customized portfolio. We seek to recommend investment strategies or products that will give you a diversified portfolio consistent with your investment objective. We do this by analyzing the various products, investment strategies, and money management firms to which we provide access. That analysis includes a review of the structure, cost, and investment performance history of each program.

##### **Methods of Analysis**

Croak Asset Management uses Fundamental, Technical, and Cyclical analysis along with Charting and Modern Portfolio Theory in formulating investment advice:

- Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, trying to determine a company's or a security's true value by looking at all aspects of the business, including both tangible factors (e.g., machinery buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of determining what sort of position to take

with that security (e.g., underpriced = buy; overpriced = sell or short). This method of security analysis is considered the opposite of technical analysis. Fundamental analysis uses real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for most other types of securities.

- Technical analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall. Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Through the use of mathematical algorithms, technical trading models attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, are updated with new data, or that they can accurately predict future market, industry, and sector performance.
- Cyclical analysis is a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy; therefore, the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.
- Charting analysis involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index, or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends. The primary risk 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.
- Modern Portfolio Theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets. Market risk is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

#### **Investment Strategies**

We may use one or more of the following investment strategies when advising you on investments:

- *Long-Term Purchases* – securities purchased with the expectation that the value of those securities will grow over a relatively long period, generally greater than one year. Using a long-term purchase strategy generally assumes the financial markets will go up in the long term, which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.
- *Short-Term Purchases* – securities purchased with the expectation that they will be sold within a relatively short period, generally less than one year, to take advantage of the securities' short-term price fluctuations. Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short term, which may be very difficult and will incur a disproportionately higher amount

of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short term (such as short-term interest rate changes, cyclical earnings announcements, etc.), but they may have a smaller impact over longer periods.

- *Trading* – securities are sold within 30 days. The principal type of risk associated with trading is market risk. There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Other factors, such as changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies, may affect investments as well. Additionally, trading is speculative. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets and such intervention (as well as other factors) may cause these markets to move rapidly.
- *Option Writing* – an option is the right to buy or sell a specified amount or value of a particular underlying investment instrument at a fixed price (i.e., the “exercise price”) by exercising the option before its specified expiration date. Options giving you the right to buy are called “call” options. Options giving you the right to sell are called “put” options. When trading options on behalf of a client, we generally use covered options. Covered options involve options trading when you own the underlying instrument on which the option is based. Investments in options contracts have the risk of losing value in a relatively short period. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

Our investment strategies and advice vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.

#### **Tax Considerations**

Our strategies and investments have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

#### **Risk of Loss**

**Clients should be aware that investing in securities involves a risk of loss that they should be prepared to bear.**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy would be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal. Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities, as described below:

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

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

**Inflation and Interest Rate Risk:** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates, which may cause the value of many types of fixed income investments to decline.

**Liquidity Risk:** There is a risk that you may be unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

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

**Horizon and Longevity Risk:** The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

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

**Company Risk:** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through

appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

**Management Risk:** Your investment with our firm varies with the success and failure of our investment strategies, research, analysis, and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

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

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

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



issuers of securities in which we invest, which could result in material adverse consequences for such issuers and may cause a client's investment in such securities to lose value.

**Pandemic Risk:** Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption. It is difficult to predict the long-term impact of such events because they are dependent on a variety of factors including the global response of regulators and governments to address and mitigate the worldwide effects of such events. Workforce reductions, travel restrictions, governmental responses and policies and macroeconomic factors will negatively impact investment returns.

#### **Risks Associated with Specific Types of Securities/Investments**

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

- **Equities (stocks):** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to, the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better-established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.
- **Municipal Securities Risk:** The value of municipal obligations can fluctuate over time. Value may be affected by adverse political, legislative, and tax changes. Financial developments affecting the municipal issuers affect the value as well. Because many municipal obligations are issued to finance similar projects by municipalities (e.g., housing, healthcare, water and sewer projects, etc.), conditions in the sector related to the project could affect the overall municipal market. Payment of municipal obligations may depend on an issuer's general unrestricted revenues, revenue generated by a specific project, the operator of the project, or government appropriation or aid. There is a greater risk if investors can look only to the revenue generated by the project. In addition, municipal bonds generally are traded in the "over-the-counter" market among dealers and other large institutional investors. From time to time, liquidity in the municipal bond market (the ability to buy and sell bonds readily) may be reduced in response to overall economic conditions and credit tightening.
- **Preferred Securities Risk:** Preferred Securities have similar characteristics to bonds in that preferred securities are designed to make fixed payments based on a percentage of their par value and are senior to common stock. Like bonds, the market value of preferred securities is sensitive to changes in interest rates as well as changes in issuer credit quality. However, preferred securities are junior to bonds with regard to the distribution of corporate earnings and liquidation in the event of bankruptcy. Preferred securities that are in the form of preferred stock also differ from bonds in that dividends on preferred stock must be declared by the issuer's board of directors, whereas interest payments on bonds generally do not require action by the issuer's board of directors. Bondholders generally have protections that preferred stockholders do not have, such as indentures that are designed to guarantee payments – subject to the credit quality of the issuer – with terms and conditions for the benefit of bondholders. In contrast, preferred stocks generally pay dividends, not interest payments, which can be deferred or stopped in the event of credit stress without triggering bankruptcy or default. Another difference is that preferred dividends are paid from the issuer's after-tax profits, while bond interest is paid before taxes.

- **Money Market Funds:** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or your entire principal. The U.S. Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long-term average returns on riskier investments. Over long period, inflation can eat away at your returns.
- **Certificates of Deposit:** Certificates of deposit are generally the safest type of investment since they are insured by the federal government up to a certain amount. However, because the returns are generally very low, it is possible for inflation to outpace the return. Likewise, U.S. government securities are backed by the full faith and credit of the U.S. government but it is also possible for the rate of inflation to exceed the returns.
- **Bonds:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return. There is also the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **Variable Annuities:** A variable annuity is a form of insurance where the seller or issuer (typically an insurance company) makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum (single-payment annuity) or a series of regular payments (regular-payment annuity). The payment stream from the issuer to the annuitant has an unknown duration based principally upon the date of death of the annuitant. At this point, the contract will terminate and the remainder of the funds accumulated forfeited unless there are other annuitants or beneficiaries in the contract. Annuities can be purchased to provide an income during retirement. Unlike fixed annuities that make payments in fixed amounts or in amounts that increase by a fixed percentage, variable annuities, pay amounts that vary according to the performance of a specified set of investments, typically bond and equity mutual funds. Many variable annuities typically impose asset-based sales charges or surrender charges for withdrawals within a specified period. Variable annuities may impose a variety of fees and expenses, in addition to sales and surrender charges, such as mortality and expense risk charges; administrative fees; underlying fund expenses; and charges for special features, all of which can reduce the return. Earnings in a variable annuity do not provide all the tax advantages of 401(k)s and other before-tax retirement plans. Once the investor starts withdrawing money from their variable annuity, earnings are taxed at the ordinary income rate, rather than at the lower capital gains rates applied to other non-tax-deferred vehicles, which are held for more than one year. Proceeds of most variable annuities do not receive a "step-up" in cost basis when the owner dies like stocks, bonds, and mutual funds do. Some variable annuities offer "bonus credits." These are usually not free. In order to fund them, insurance companies typically impose mortality, expense charges, and surrender charge periods. In an exchange of an existing annuity for a new annuity (so-called 1035 exchanges), the new variable annuity may have a lower contract value and a smaller death benefit; may impose new surrender charges or increase the period of time for which the surrender charge applies; may have higher annual fees; and provide another commission for the broker.

- **Real Estate Investment Trust:** A real estate investment trust ("REIT") is a corporate entity, which invests in real estate and/or engages in real estate financing. A REIT reduces or eliminates corporate income taxes. REITs can be publicly or privately held. Public REITs may be listed on public stock exchanges. REITs are required to declare 90% of their taxable income as dividends, but they actually pay dividends out of funds from operations, so cash flow has to be strong or the REIT must either dip into reserves, borrow to pay dividends, or distribute them in stock (which causes dilution). After 2012, the IRS stopped permitting stock dividends. Most REITs must refinance or erase large balloon debts periodically. Some REITs may be forced to make secondary stock offerings to repay debt, which will lead to additional dilution of the stockholders. Fluctuations in the real estate market can affect the REIT's value and dividends.
- **Limited Partnerships:** A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner does not usually invest any capital, but has management authority and unlimited liability. That is, the general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and confine their participation to their capital investment. That is, limited partners invest a certain amount of money and have nothing else to do with the business. However, their liability is limited to the amount of the investment. In the worst-case scenario for a limited partner, he/she loses what he/she invested. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership.
- **Alternatives Risk:** Non-traded REITs, business development companies, limited partnerships, and direct alternatives are subject to various risks such as liquidity and property devaluation based on adverse economic and real estate market conditions and may not be suitable for all investors. A prospectus that discloses all risks, fees, and expenses may be obtained from your investment adviser representative. Read the prospectus carefully before investing. This is not a solicitation or offering which can only be made in conjunction with a copy of the prospectus. Investors considering an investment strategy utilizing alternative investments should understand that alternative investments are generally considered speculative in nature; and, such investments involve a high degree of risk, particularly if concentrating investments in one or few alternative investments.
- **Foreign Securities Risk:** Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- **Private Funds:** Private investment funds are not registered with the Securities and Exchange Commission and may not be registered with any other regulatory authority. Accordingly, they are not subject to certain regulatory restrictions and oversight to which other issuers are subject. There may be little public information available about their investments and performance. Moreover, as sales of shares of private investment companies are generally restricted to certain qualified purchasers, it could be difficult for a client to sell its shares of a private investment company at an advantageous price and time. Since shares of private investment companies are not publicly traded, from time to time it may be difficult to establish a fair value for the client's investment in these companies.

- **Options:** Transactions in options carry a high degree of risk. A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. The placing of certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.
- **Illiquid securities:** Illiquid securities involve the risk that investments may not be readily sold at the desired time or price. Securities that are illiquid, that are not publicly traded, and/or for which no market is currently available may be difficult to purchase or sell, which may impact the price or timing of a transaction. An inability to sell securities can adversely affect an account's value or prevent an account from taking advantage of other investment opportunities. Lack of liquidity may cause the value of investments to decline and illiquid investments may also be difficult to value. A client may not be able to liquidate investment in the event of an emergency or any other reason.
- Certain investment strategies used by our firm may invest in illiquid asset vehicles, such as private equity and real estate. Investment in an illiquid asset vehicle poses similar risks as direct investments in illiquid securities. In addition, investment in an illiquid asset vehicle will be subject to the terms and conditions of the illiquid asset vehicle's investment policy and governing documents that often include provisions that may involve investor lock-in periods, mandatory capital calls, redemption restrictions, infrequent valuation of assets, etc. In addition, investments in illiquid securities or vehicle may normally involve investment in non-marketable securities where there is limited transparency. If obligated to sell an illiquid security prior to an expected maturity date, particularly with an infrastructure investment, they may not be able to realize fair value. Investments in illiquid securities or vehicles may include restrictions on withdrawal rights and shares may not be freely transferable.
- **Mutual Funds:** Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds can be reduced by the costs to manage the funds. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns.
- **Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency. Detailed information about the risks associated with each ETF is provided in the relevant ETF's prospectus. Below are some specific risks related to the ETFs recommended by our firm:
  - **Leveraged and Inverse ETF Risk:** A leveraged ETF generally seeks to deliver multiples of the daily performance of the index or benchmark that it tracks. An inverse ETF generally seeks to deliver the opposite of the daily performance of the index or benchmark that it tracks. Inverse ETFs often are marketed as a way for investors to profit from, or at least hedge their exposure to, downward-moving markets. Some ETFs are both inverse and leveraged, meaning that they seek a return that is a multiple of the inverse performance of the underlying index. To accomplish their objectives, leveraged and

inverse ETFs use a range of investment strategies, including swaps, futures contracts and other derivative instruments. Leveraged, inverse, and leveraged inverse ETFs are more volatile and riskier than traditional ETFs due to their exposure to leverage and derivatives, particularly total return swaps and futures. At times, we will recommend leveraged and/or inversed ETFs, which may amplify gains and losses.

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

- **Buffer ETFs:** Buffer ETFs are also known as defined-outcome ETFs, since the ETF is designed to offer downside protection for a specified period of time. These ETFs are modeled after options-based structured notes, but are generally cheaper, and offer more liquidity. Buffer ETFs are designed to safeguard against market downturns by employing complex options strategies. Buffer ETFs typically charge higher management fees that are considerably more than the index funds whose performance they attempt to track. Additionally, because buffer funds own options, they do not receive dividends from their equity holdings. Both factors result in the underperformance of the Buffer ETF compared to the index they attempt to track. Clients should carefully read the prospectus for a buffer ETF to understand fully the cost structures, risks, and features of these complex products.
- **Structured Notes:** Below are some specific risks related to the structured notes recommended by our firm:
  - *Complexity:* Structured notes are complex financial instruments. Clients should understand the reference asset(s) or index(es) and determine how the note's payoff structure incorporates such reference asset(s) or index(es) in calculating the note's performance. This payoff calculation may include leverage multiplied on the performance of the reference asset or index, protection from losses should the reference asset or index produce negative returns, and fees. Structured notes may have complicated payoff structures that can make it difficult for clients to accurately assess their value, risk, and potential for growth through the term of the structured note. Determining the performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Payoff structures can be leveraged, inverse, or inverse-leveraged, which may result in larger returns or losses. Clients should carefully read the prospectus for a structured note to fully understand how the payoff on a note will be calculated and discuss these issues with our firm.
  - *Market risk.* Some structured notes provide for the repayment of principal at maturity, which is often referred to as "principal protection." This principal protection is subject to the credit risk of the issuing financial institution. Many structured notes do not offer this feature. For structured notes that do not

offer principal protection, the performance of the linked asset or index may cause clients to lose some, or all, of their principal. Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, and/or market volatility.

- *Issuance price and note value:* The price of a structured note at issuance will likely be higher than the fair value of the structured note on the date of issuance. Issuers now generally disclose an estimated value of the structured note on the cover page of the offering prospectus, allowing investors to gauge the difference between the issuer's estimated value of the note and the issuance price. The estimated value of the notes is likely lower than the issuance price of the note to investors because issuers include the costs for selling, structuring and/or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes may not be re-sold on a daily basis and thus may be difficult to value given their complexity.
- *Liquidity:* The ability to trade or sell structured notes in a secondary market is often very limited, as structured notes (other than exchange-traded notes known as ETNs) are not listed for trading on securities exchanges. As a result, the only potential buyer for a structured note may be the issuing financial institution's broker-dealer affiliate or the broker-dealer distributor of the structured note. In addition, issuers often specifically disclaim their intention to repurchase or make markets in the notes they issue. Therefore, clients should be prepared to hold a structured note to its maturity date, or risk selling the note at a discount to its value at the time of sale.
- *Credit risk:* Structured notes are unsecured debt obligations of the issuer, meaning that the issuer is obligated to make payments on the notes as promised. These promises, including any principal protection, are only as good as the financial health of the structured note issuer. If the structured note issuer defaults on these obligations, investors may lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that may be due on the structured notes.
- **Real Estate DSTs:** When we believe it to be suitable for the client, the firm may occasionally recommend privately placed real estate DSTs (Delaware Statutory Trust). The DST structure permits tax deferral on appreciated property by allowing the investment of proceeds from appreciated real estate. Real estate DSTs are structured to take advantage of the tax deferral opportunity afforded by Section 1031 of the tax code ("1031 Exchange"). A 1031 Exchange must be completed in accordance with specific requirements in order to obtain the tax benefit. The real estate DSTs we recommend are designed to help investors meet the 1031 Exchange requirements, but there are circumstances unique to each investor that cannot be addressed by the investment structure. Further, each real estate DST has features that may create other tax consequences, such as state tax obligations, or generation of passive income. For this reason, we recommend that you consult your own tax professional before investing. Real estate DSTs are not the only way investors can benefit from a 1031 exchange. While these types of investment can offer certain advantages, such as diversification, professional management, and access to significant commercial properties, the structure also limits the investor's control and influence significantly, and the investment structures build in high operating and sales expenses for the investment Sponsor, manager, and affiliated entities. These expenses will lower investors' overall returns.

In recommending a real estate DST, we inherently have a conflict of interest because we will charge advisory fees on the value of those investments. By recommending clients move assets from real estate, for which we do not charge an advisory fee, to a security that invests in real estate, increases our overall compensation. We address this conflict by recommending real estate DSTs only where we believe the benefits are significant enough to overcome the additional expenses. We encourage clients to consider carefully the potential investment benefit, net of fees, as well as the potential tax benefits, in deciding whether to invest in a real estate DST.

- **Cryptocurrencies:** Cryptocurrency (e.g., bitcoin and ether), often referred to as “virtual currency,” “digital currency,” or “digital assets,” is designed to act as a medium of exchange. Cryptocurrency is an emerging asset class. There are thousands of cryptocurrencies, the most well-known of which is bitcoin. Certain of the firm’s clients may have exposure to bitcoin or another cryptocurrency, directly or indirectly through an investment such as an ETF or other investment vehicles. Cryptocurrency operates without central authority or banks and it is not backed by any government. Cryptocurrencies may experience very high volatility and related investment vehicles may be affected by such volatility. As a result of holding cryptocurrency, certain of the firm’s clients may also trade at a significant premium or discount to NAV. Cryptocurrency is also not legal tender. Federal, state, or foreign governments may restrict the use and exchange of cryptocurrency, and regulation in the U.S. is still developing. The market price of many cryptocurrencies, including bitcoin, has been subject to extreme fluctuations. If cryptocurrency markets continue to be subject to sharp fluctuations, investors may experience losses if the value of the client’s investments decline. Similar to fiat currencies (i.e., a currency that is backed by a central bank or a national, supra-national or quasi-national organization), cryptocurrencies are susceptible to theft, loss and destruction. Cryptocurrency exchanges and other trading venues on which cryptocurrencies trade are relatively new and, in most cases, largely unregulated and may therefore be more exposed to fraud and failure than established, regulated exchanges for securities, derivatives and other currencies. The SEC has issued a public report stating U.S. federal securities laws require treating some digital assets as securities.

Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers, or malware. Due to relatively recent launches, most cryptocurrencies have a limited trading history, making it difficult for investors to evaluate investments. Generally, cryptocurrency transactions are irreversible such that an improper transfer can only be undone by the receiver of the cryptocurrency agreeing to return the cryptocurrency to the original sender. Digital assets are highly dependent on their developers and there is no guarantee that development will continue or that developers will not abandon a project with little or no notice. Third parties may assert intellectual property claims relating to the holding and transfer of digital assets, including cryptocurrencies, and their source code. Any threatened action that reduces confidence in a network’s long-term ability to hold and transfer cryptocurrency may affect investments in cryptocurrencies.

Many significant aspects of the U.S. federal income tax treatment of investments in cryptocurrency are uncertain and an investment in cryptocurrency may produce income that is not treated as qualifying income for purposes of the income test applicable to regulated investment companies. Certain cryptocurrency investments may be treated as a grantor trust for U.S. federal income tax purposes, and an investment by the firm’s clients in such a vehicle will generally be treated as a direct investment in cryptocurrency for tax purposes and “flow-through” to the underlying investors.

#### Disciplinary Information - Item 9

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or of the integrity of our management. Neither we nor our management persons have a history of reportable material legal or disciplinary events.

#### Other Financial Industry Activities or Affiliations - Item 10

Neither Croak Asset Management nor any of its management persons is registered as a futures commission merchant, a commodity trading adviser, or a commodity pool operator, nor do either parties have an application pending or otherwise in process for the purpose of seeking registration as any of these types of firms. Further,

none of our management persons are registered as or currently seeking registration as associated persons of any of these types of firms.

**Insurance Activities**

CAM Insurance, LLC is affiliated with Croak Asset Management, LLC. Associated persons of our firm, in their capacity as licensed insurance agents, may recommend and sell insurance products for Croak Asset Management clients. In their separate insurance capacities, these licensed individuals will receive separate, yet customary commission compensation resulting from implementing insurance product transactions on behalf of advisory clients. The implementation of any and all recommendations is solely at the discretion of the client and clients are not under any obligation to engage CAM Insurance, LLC or these individuals. Clients should be aware that the receipt of additional compensation itself creates a conflict of interest resulting from recommending insurance products for the purposes of generating commissions rather than solely based on your needs that may affect the judgment of these individuals when making recommendations. As part of Croak Asset Management's fiduciary duty, these individuals endeavor at all times to act in the best interests of clients and recommend insurance products only when suitable for the client. Croak Asset Management does not share revenue with CAM Insurance, LLC.

Certain associated persons of Croak Asset Management are independent insurance agents of CAM Insurance, a licensed insurance agency. CAM Insurance offers and sells term and permanent life insurance products, long-term care products, disability insurance, and fixed annuity products. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs.

Additionally, CAM Insurance may consult on insurance products for a fee. CAM Insurance does not share any revenues with Croak Asset Management. There is a conflict of interest where CAM Insurance recommends the services of Croak Asset Management and where Croak Asset Management recommends the services of CAM Insurance in that certain associated persons have an incentive to recommend the affiliated firm over other nonaffiliated firms.

**Broker-Dealer Activities**

Persons providing investment advice on behalf of our firm may be registered representatives with PKS, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacities as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. Additionally, persons providing investment advice on behalf of our firm may also be licensed as independent insurance agents. These persons may earn commission-based compensation for selling insurance products to you. Clients of Croak Asset Management, LLC may also be clients of PKS.

See the Fees and Compensation section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

**Accounting Activities**

Certain associated persons of Croak Asset Management are also owners and directors of the accounting firm CAM Tax, LLC. CAM Tax, LLC may recommend Croak Asset Management to accounting clients in need of advisory services. Croak Asset Management may recommend CAM Tax, LLC to Croak Asset Management clients in need of accounting services. Accounting services provided by CAM Tax, LLC are separate and distinct from the advisory services of Croak Asset Management and are provided for separate and typical compensation. No Croak Asset



Management client is obligated to use CAM Tax, LLC for any accounting services as no CAM Tax, LLC client is obligated to use Croak Asset Management for advisory services.

There is a conflict of interest where CAM Tax, LLC recommends the services of Croak Asset Management and where Croak Asset Management recommends the services of CAM Tax, LLC in that certain associated persons have an incentive to recommend the affiliated firm over other non-affiliated firms.

#### **Recommendation of Other Advisors**

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

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

#### **Description of Our Code of Ethics**

Croak Asset Management has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes Croak Asset Management's policies and procedures developed to protect client's interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the Code;
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

A copy of Croak Asset Management's Code of Ethics is available upon request to our firm at (419) 464-7000 or at [service@camtoledo.com](mailto:service@camtoledo.com).

#### **Personal Trading Practices**

At times, Croak Asset Management and/or its related persons may take positions in the same securities as clients, which may pose a conflict of interest with clients. In an effort to uphold our fiduciary duties to clients, our firm and our related persons will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades. Front running (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (e.g., a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (e.g., a purchase or sale that is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price) would not be deemed a material conflict requiring disclosure at the time of trading.

#### **Block Trading**

Our firm or persons associated with our firm may buy or sell securities for you at the same time that we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to

purchase securities with your orders to purchase securities ("block trading"). Refer to the Brokerage Practices section in this brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

### Brokerage Practices - Item 12

While our firm does not maintain physical custody of client assets, we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts (see *Item 15 Custody*, below). Client assets must be maintained by a qualified custodian. Our firm seeks to recommend a custodian who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. The factors considered, among others, are these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record-keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

With this in consideration, we recommend the services of TD Ameritrade, Inc. ("TD Ameritrade") and/or Charles Schwab & Co., Inc. (Schwab) through their Institutional Platforms. TD Ameritrade and/or Schwab are independent and unaffiliated registered broker-dealers and members of FINRA and SIPC. The primary factor in suggesting a broker-dealer or custodian is that the services of the recommended firm are provided in a cost-effective manner. While the quality of execution at the best price is an important determinant, best execution does not necessarily mean the lowest price and it is not the sole consideration. The trading process of any broker-dealer suggested by our firm must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker-dealer.

#### **Research and Other Soft Dollar Benefits received from TD Ameritrade**

There is no direct link between our firm's use of TD Ameritrade and the investment advice it gives to its clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research-related products and tools; consulting services; access to a trading desk serving our firm participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain

institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third-party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons.

Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit its client accounts. These products or services assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, we always endeavor to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and influences our firm's choice of TD Ameritrade for custody and brokerage services.

**Research and Other Soft Dollar Benefits received from Schwab**

Our firm has an institutional custodial relationship with Schwab Advisor Services (formerly called Schwab Institutional). Schwab Advisor Services serves independent investment advisory firms like ours. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and will buy and sell securities in your account(s) upon our instructions. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and you will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you.

*Your Custody and Brokerage Costs*

Schwab generally does not charge you separately for custody services, but it is compensated by charging commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account.

*Research and Other Soft Dollar Benefits*

Although not considered "soft dollar" compensation, our firm may receive some economic benefits from Schwab Advisor Services in the form of access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we do not have to request them) and at no charge to us. Below is a detailed description of Schwab's support services:

*Services that Benefit You:* Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

*Services that May Not Directly Benefit You:* Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering 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 substantial number 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.

*Services that Generally Benefit Only Us:* 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.

#### Transition Assistance Benefits

TD Ameritrade and/or Schwab have provided our firm and its related persons assistance with the transition of their associated business to their platform. The proceeds made available as Transition Assistance are intended for a variety of purposes, including but not limited to: offsetting account transfer fees ("ACAT") that our clients might have otherwise incurred, legal services related to the formation of the advisory firm, technology set-up fees, marketing and mailing costs, stationery, and licensure transfer fees.

Our firm attempts to mitigate these conflicts of interest by evaluating and recommending that Clients use TD Ameritrade and/or Schwab's services based on the benefits that such services provide, rather than the Transition Assistance made available to our firm. We consider our custodial broker-dealers' suite of services when recommending that Clients maintain accounts with them. Clients should, however, be aware of this conflict of interest and take it into consideration when deciding whether to custody their assets in an advisory account at TD Ameritrade and/or Schwab.

#### Client Transactions in Return for Soft Dollars

Our firm does not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

#### Brokerage for Client Referrals

We do not receive client referrals from broker-dealers and custodians with which we have an institutional advisory arrangement. In addition, we do not receive other benefits from a broker-dealer in exchange for client referrals.

#### Directed Brokerage

Neither our firm nor any of our firm's representatives have discretionary authority in determining the brokers-dealers and/or custodians with whom orders for the purchase or sale of securities are placed for execution and the commission rates at which such securities transactions are effected. Our firm routinely requests that clients direct us to execute through a specified broker-dealer. Our firm recommends the use of TD Ameritrade and/or Schwab. Each client will be required to establish their account(s) with TD Ameritrade and/or Schwab if not already done. Please note that not all advisers have this requirement.

Persons providing investment advice on behalf of our firm who are registered representatives of PKS would normally be required to recommend PKS to you for brokerage services. These individuals are subject to applicable industry rules that restrict them from conducting securities transactions away from PKS unless PKS provides the

representatives with written authorization to do so, which PKS has done in this case. Therefore, although these individuals would generally be limited to conducting securities transactions through PKS, in this instance, as noted above, they will generally recommend TD Ameritrade and/ or Schwab. It may be the case that TD Ameritrade and/or Schwab charges higher transaction costs and/or custodial fees than another broker charges for the same types of services. However, if transactions were executed through PKS these individuals (in their separate capacities as registered representatives of PKS) could earn commission-based compensation as a result of placing the recommended securities transactions through PKS. This practice would present a conflict of interest because these registered representatives would have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as we recommend. However, if you do not use the recommended broker we may not be able to accept your account. See the Fees and Compensation section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### **Block Trades**

We combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, non-wrap accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. If you participate in our wrap fee program described above, you will not pay any portion of the transaction costs in addition to the program fee. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

We do not block trade for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

### **Review of Accounts - Item 13**

We monitor your accounts on an ongoing basis and will conduct account reviews at least quarterly, to ensure the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

Reviews are conducted by the associated person assigned to your account. The individuals conducting reviews may vary from time to time, as personnel join or leave our firm.

We will provide you with additional or regular written reports in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, etc. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

A financial plan is a snapshot in time and no ongoing reviews are conducted, unless you have engaged us for periodic updates or ongoing portfolio management services. We recommend a plan review at least annually. Unless otherwise agreed, the plan review will be subject to an additional fee.

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

##### **Other Compensation Received**

Croak Asset Management has brokerage and clearing arrangements with TD Ameritrade and/or Schwab and may receive additional benefits from these firms in the form of electronic delivery of client information, electronic trading platforms, institutional trading support, proprietary and/or third-party research, continuing education, practice management advice, and other services provided by custodians for the benefit of investment advisory clients. Please refer to item 12 above for more information about the receipt of additional benefits from broker-dealers/account custodians.

##### **Vendor Benefits**

Croak Asset Management and employees may receive additional compensation from vendors and product sponsors. However, such compensation will not be tied to the sales of any products. Compensation could include such items as gifts valued at less than \$500 annually; an occasional dinner or ticket to a sporting event; reimbursement in connection with educational meetings with an associated person, client workshops, or events; or marketing events or advertising initiatives, including services for identifying prospective clients. Product sponsors may also pay for or reimburse us for the costs associated with our employees and investment adviser representatives attending various education or training events, as well as for conferences and events sponsored by us.

##### **Compensation for Client Referrals**

We may recommend that you use a third-party investment adviser or program as part of our asset allocation and investment strategy. In cases where Croak Asset Management shares in the compensation received by the third-party investment adviser, we have a conflict of interest because we are incentivized to recommend investment advisers from whom we receive solicitor/referral fees as opposed to other investment advisers from whom we do not receive such fees. We conduct ongoing due diligence on investment advisers we recommend. In the event that a recommended investment adviser is not meeting the standards that we believe meet your needs, we will seek other investment advisers that we believe will better fit your specific management needs. At all times, Croak Asset Management and its associated persons strive to uphold their fiduciary duty of fair dealing with clients. You are not required to use the services of any recommended third-party investment adviser.

#### Custody - Item 15

Croak Asset Management is deemed to have custody of client funds because of the fee deduction authority granted by the client in the advisory agreement. You will receive account statements at least quarterly from the broker-dealer or other qualified custodian. The custodian will not verify the calculation of the advisory fees. You are urged to review custodial account statements for accuracy.

With respect to third-party standing letters of authorization ("SLOA") where a client grants us authority to direct custodians to disburse funds to one or more third-party accounts, we are deemed to have custody pursuant to Rule 206(4)-2 (the "Custody Rule"). We have taken steps to have controls and oversight in place to comply with the no-action letter issued by the SEC on February 21, 2017 (the "SEC no-action letter"). We are not required to comply with the surprise examination requirements of the Custody Rule if we comply with the representations noted in the SEC no-action letter. Where our firm acts pursuant to a SLOA, we believe we are making a good faith

effort to comply with the representations noted in the SEC no-action letter. Additionally, since many of the representations noted in the SEC no-action letter involve the qualified custodian's operations, we will collaborate closely with our custodian(s) to ensure that the representations are met.

#### Investment Discretion - Item 16

Croak Asset Management offers Portfolio Management Services on a discretionary or non-discretionary basis. For discretionary services, clients must grant discretionary authority in the management agreement. Discretionary authority extends to the types and amounts of securities to be bought and sold in client accounts, the broker or dealer to be used for securities transactions, and the commission rates to be paid. However, our firm does not retain discretionary authority to select the broker-dealer used for transactions, or commission rates paid.

Apart from the ability to withdraw management fees, Croak Asset Management does not have the ability to withdraw funds or securities from the client's account. The client provides Croak Asset Management discretionary authority via a limited power of attorney in the management agreement and in the contract between the client and the custodian.

If you wish, you may limit our discretionary authority, for example, by setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

If you have engaged us for non-discretionary portfolio management services, Croak Asset Management will obtain your approval prior to executing any transactions in your account(s).

#### Voting Client Securities - Item 17

##### **For Clients Engaged After January 2022**

For clients who engaged our firm after January 2022, Croak Asset Management will not vote proxies. These clients will be responsible for voting proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

##### **For Clients Engaged Before January 2022**

Where we have been engaged to do so in the advisory agreement, we vote proxies for clients who had engaged us prior to January 2022. In such cases, we will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations.

In the event you wish to direct our firm on voting a particular proxy, you should contact our main office at the phone number on the cover page of this brochure with your instruction.

Conflicts of interest between you and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you,

and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or, we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict.

We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

#### Financial Information - Item 18

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

#### Requirements of State-Registered Advisers - Item 19

**This section is not applicable because our firm is SEC registered.**

#### Croak Asset Management Privacy Notice

Croak Asset Management has adopted this privacy policy with recognition that protecting the privacy and security of the personal information we obtain about our customers is an important responsibility. We also know that you expect us to service you in an accurate and efficient manner. To do so, we must collect and maintain certain personal information about you. We want you to know what information we collect and how we use and safeguard that information.

**Information We Collect:** We collect certain nonpublic information about you ("Customer Information"). The essential purpose for collecting Customer Information is to allow us to provide advisory services to you. Customer Information we collect may include:

- Information that you provide on applications or other forms. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account, and other records concerning your financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Identifying information such as your name, age, address, social security number, etc.
- Information about your transactions with us, or others (e.g., broker-dealers, clearing firms, or other chosen investment sponsors).
- Information we receive from consumer reporting agencies (e.g., credit bureaus), as well as other various materials we may use to provide an appropriate recommendation or to fill a service request.



**Security of Your Information:** We restrict access to your nonpublic personal information to those employees who need to know that information to service your account. We maintain physical, electronic and procedural safeguards that comply with applicable federal or state standards to protect your nonpublic personal information.

**Information We Disclose:** We do not disclose the nonpublic personal information we collect about our customers to anyone except: (i) in furtherance of our business relationship with them and then only to those persons necessary to effect the transactions and provide the authorized services (such as broker-dealers, custodians, independent managers etc.); (ii) to persons assessing our compliance with industry standards (e.g., professional licensing authorities, consultants, etc.); (iii) our attorneys, accountants, and auditors; or (iv) as otherwise provided by law.

We are permitted by law to disclose the nonpublic personal information about you to governmental agencies and other third parties in certain circumstances (such as third parties that perform administrative or marketing services on our behalf or for joint marketing programs). These third parties are prohibited to use or share the information for any other purpose.

**Regulation S-AM:** Under Regulation S-AM, we are prohibited from using eligibility information that we receive from an affiliate to make a marketing solicitation unless: (i) the potential marketing use of that information has been clearly, conspicuously and concisely disclosed to the consumer; (ii) the consumer has been provided a reasonable opportunity and a simple method to opt out of receiving the marketing solicitations; and (iii) the consumer has not opted out.

Croak Asset Management and its affiliated insurance and tax firms, CAM Insurance, LLC and CAM Tax, LLC, share eligibility information obtained from clients with each other to make marketing solicitations.

**Regulation S-ID:** Regulation S-ID requires our firm to have an Identity Theft Protection Program (ITPP) that controls reasonably foreseeable risks to customers or to the safety and soundness of our firm from identity theft. We have developed an ITPP to adequately identify and detect potential red-flags to prevent and mitigate identity theft.

**Former Clients:** If you decide to close your account(s) or become an inactive customer, we will adhere to our privacy policies, which may be amended from time to time.

**Changes to Our Privacy Policy:** In the event there were to be a material change to our privacy policy regarding how we use your confidential information, we will provide written notice to you. Where applicable, you would be given an opportunity to limit or opt-out of such disclosure arrangements.

**Questions:** If you do not want us or our affiliated insurance firm from sharing your information with each other to make marketing solicitations, or if you have questions about this privacy notice or about the privacy of your customer information, please contact us at (419) 464-7000 or at [service@camtoledo.com](mailto:service@camtoledo.com).