iSectors®, LLC

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This brochure provides information about the qualifications and business practices of iSectors®, LLC. If you have any questions about the contents of this brochure, please contact us at 920-731-4455 or info@isectors.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration of an investment adviser does not imply any certain level of skill or training.

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

Material Changes

This Brochure supersedes the prior version dated 03/19/2024 as an annual update. Material changes effective since the last update includes:

No material changes.

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A. Advisory Business

The primary service provided by iSectors®, LLC ("iSectors") is to license its proprietary suite of asset allocation models to investment advisory platforms. The platforms offer the models to advisers, who utilize them in managing their respective clients' assets. When licensing its investment strategies, iSectors® **does not** provide investment supervisory services or financial planning services. Rather, iSectors® models are available through one or more unaffiliated investment platform sponsors (each a "Platform Sponsor," collectively the "Platform Sponsors") that provide services to investment advisers. On a limited basis, iSectors® also licenses asset allocation models directly to financial advisers. Platform Sponsors and financial advisers directly licensing models are designated as "Licensees" below. Allocation models generally allocate percentages of assets among various selected exchange-traded funds (ETFs).

In addition, iSectors® asset allocation models are made available to retirement plans through specified retirement platforms (currently Mid Atlantic, Matrix, and Schwab.) iSectors® provides model management services to Plans that include iSectors® models as investment selections within their Plan. In these circumstances, iSectors® is providing discretionary investment management services only with respect to managing the assets within each iSectors® model.

iSectors® was originally a department of Sumnicht & Associates, LLC ("Sumnicht"). Sumnicht and iSectors® are each registered investment advisers. . iSectors® became an independent registered investment adviser in 2008. iSectors® continues to maintain an affiliation with Sumnicht. iSectors® and Sumnicht continue to share administrative resources, as well as certain other human resources and personnel. Sumnicht has continued to utilize iSectors® models to manage some of its clients' accounts. iSectors®, LLC is owned 50% by Vernon C. Sumnicht and 50% by Debra A. Sumnicht.

Availability of Models as Separate and Unified Managed Accounts

Through the Platform Sponsors' web-based modules, iSectors® constructs and maintains its model portfolios, representing different strategies to be used in the management of client accounts. iSectors® role is non-discretionary and involves constructing and maintaining the models, which includes establishing the relative weights and communicating subsequent changes in those securities holdings and/or weightings to the Platform Sponsor through web-based interfaces. The Platform Sponsor has the final responsibility of placing orders for the execution of transactions in Client Accounts (either Separately Managed or Unified Managed Accounts held in the clients' name at custodians independent of iSectors) and is thus deemed to have investment discretion.

iSectors® does not have any advisory agreements with individual clients. iSectors® is **not responsible** for and does not have any underlying client/investor contact. Rather, all such client-related functions are the **responsibility** of the investment advisers accessing the models through a Platform Sponsor.

Availability through 401(k) plans.

iSectors® makes models available to investment advisers for use in retirement plans, pursuant to the terms and conditions of a model management agreement between iSectors® and each respective retirement Plan through specified retirement platforms. These platforms allow retirement plan professionals, at their recommendation, to incorporate mutual fund and ETF investment models into retirement plans through a single, web-based interface that allows for the creation, execution, and ongoing management of investment models. Those models and corresponding model changes are then delivered to the Plans and Plan participants' accounts through retirement plan platforms.

iSectors® model management agreements with retirement plans, including 401(k) plans, Multiple Employer Plans (MEPs) and Simple IRAs, allow for Plan Sponsors to include iSectors® models as designated investment alternatives within their respective Plan(s) through retirement plan platforms. Plan Sponsors who rely on advice from a consulting adviser and decide to include iSectors® allocations within their plan, sign the model management agreement contract to provide iSectors® models and related services to the Plan(s). Alternatively, Plan Sponsors may designate an ERISA Section 3(38) investment manager, who then will have the authority on behalf of the Plan(s) to contract and provide iSectors® models to the Plan(s). In both instances, iSectors® continues to have sole discretion in determining the asset-class allocations and selecting the underlying investments for each model, as well as the ongoing process of adjusting the asset-class allocations, and/or otherwise adding, removing, or modifying the allocation to any underlying investment. iSectors® does not provide direct client servicing to the end client (Plan Sponsors or Plan participants). Rather, the Plan Sponsor must contract with third-party advisory firm(s) to provide client contact-related advisory functions.

When iSectors® allocation models are included as investment options within a 401(k) retirement plan, the models operate as investment selections and iSectors® is a fiduciary within the meaning of ERISA Section 3(21)(A) (but does not act as an ERISA Section 3(38) fiduciary) with respect to its management of its models.

Investment advisers that recommend iSectors® models for use in qualified retirement plans (including 401(k) plans) through retirement plan platforms, do so in conjunction with third-party plan administrators ("TPAs") that also work with the platform. The TPAs provide recordkeeping functions for 401(k), 403(b) or other plans (each a "Plan," and collectively the "Plans") pursuant to a written agreement between the TPA and the Plan. Each Plan that engages a TPA to provide recordkeeping services also appoints a party (the "Plan Adviser") to either manage or to assist with managing the Plan's assets. Third-party administrators and recordkeepers bill the Plans separately for services and neither party, nor iSectors, is compensated, either directly or indirectly by the other parties.

iSectors® service is **limited** to the construction and ongoing management of its asset allocation models. These allocation models are comprised of exchange-traded funds (ETFs), closed or open-end mutual funds, or Business Development Companies, exchange-traded notes (ETNs) or other registered securities.

The terms and conditions of the engagement between the Platform Sponsor and the investment adviser regarding the models (including information about pricing and costs) are set forth in a separate written agreement independent of iSectors® agreements.

Tailoring of Investment Advice

iSectors® produces models. Such models are not tailored to the individual needs of any specific client and individual clients may not impose restrictions on any given model; however, third-party investment advisors may choose on behalf of their clients which models they believe may best suit their respective clients' needs.

Assets Under Administration

As of 12/31/2024, $198.7 million was invested in the iSectors® allocation models.

B. Fees and Compensation

iSectors® models are licensed to Platform Sponsors who, in turn, make them available to investment advisers. The investment advisers then use the models to service their clients' accounts. The Platform Sponsors pay iSectors®, pro-rata monthly or quarterly in arrears or in advance, a license fee based upon a percentage (%) of the market value of the assets the investment advisers have allocated to the various models. License fee percentages range from 0.10% to 0.50% (10 to 50 basis points) of assets. These license fees may be negotiable.

iSectors® model management fees for 401(k) and other retirement plans are similar in scope and structure as the license fees described above, in that they range from 0.10% to 0.50% (10-50 basis points) of assets. Retirement plan platforms accrue these fees daily and subsequently deduct and compensate iSectors® on the last business day of each month or quarter.

Investment adviser client accounts that are allocated to the various iSectors® models through a Platform Sponsor or other Licensee will be subject to other fees, independent of iSectors® fees, which may be bundled or unbundled. Some of these other fees include: (i) an investment adviser's services fee, (ii) a broker-dealer or registered investment advisory firm's services fee, (iii) Licensee's services fee, (iv) account custodian/broker-dealer and/or transactions fees. In addition to the above applicable fees, 401(k) plan accounts may be subject to: (i) model unitization fee (ii) custody and trading fee (which may or may not be bundled into the TPA's fee) and (iii) TPA and recordkeeping fees. iSectors® does not receive any compensation from any other firm. iSectors® only receives the license/model management fee (10-50 basis points) previously disclosed.

iSectors® requires a minimum dollar amount to be invested in each respective iSectors® model. These minimums vary by model and/or by platform and may be waived at the sole discretion of iSectors®. See Section D "Types of Clients" for more information on account minimums.

iSectors®' annual license fee is prorated, calculated, deducted, and then paid to iSectors® by the Licensees. The timing and manner of the fees is typically determined by the Licensee. Dependent upon each respective Licensee's policy, the fees may be deducted monthly or quarterly, in arrears or in advance. The Licensees calculate these fees based upon the market value of the assets on the last business day of the previous period (quarter or month).

iSectors® **does not** control or set Licensee, custodial or investment adviser-imposed fees and/or fee minimums and/or maximums charged by these respective service providers. iSectors® **does not** receive nor share in the fees charged by these other independent service providers.

iSectors® does not recommend broker-dealers and/or custodians for Licensees, investment advisers or investment adviser client accounts. The designations and selection of a broker-dealer and/or custodian, and the corresponding pricing/cost thereof, is the responsibility of parties other than iSectors®, including the Licensees, investment advisers and/or each of their respective underlying firms and clients. See Section I "Brokerage Practices" for more information on this topic.

C. Performance-Based Fees and Side-By-Side Management

iSectors® sole source of income is derived from the licensing and/or management of its investment models. iSectors® does not receive any other fees with respect to the iSectors® investment models such as performance-related fees or performance-related income.

D. Types of Clients

iSectors® **does not** provide investment supervisory services or financial planning services. iSectors® may provide information to investment advisers describing each respective model and/or model series.

iSectors® allocation models are available mainly through registered investment advisers. The investment advisers determine which iSectors® model(s), if any, is (or are) appropriate for their clients based on each client's personal financial objectives and risk concerns. The risk assessment process to determine the investments that are appropriate for any respective client is established by the investment adviser. Licensees may make available to the investment adviser a risk assessment questionnaire to assist in the evaluation of the financial goals, investment needs, and risk tolerance of each respective client.

For 401(k) plans to which iSectors® offers its models, iSectors® does not maintain direct contact with Plan sponsors and/or Plan participants. Rather, responsibility for ongoing contact with the Plan sponsors and/or Plan participants regarding the models (including education) remains in the domain of the investment advisers or investment management fiduciaries with which the Plan has contracted to provide those services.

Account Investment Minimums

iSectors® typically suggests, or may in some cases require, that the Platform Sponsors establish account minimums for each respective model and/or model series (see table below). Some platforms and/or broker dealers establish higher or lower minimums for the investment models. iSectors®, at its own discretion, may waive these account minimums.

Allocation Model or Series	**Account Minimum ($)**
Capital Preservation	15,000
CryptoBlock® Allocation	25,000
Domestic Equity	25,000
Domestic Fixed Income	25,000
Endowment Allocation	30,000
Enhanced Series	25,000
Future Growth Allocation	25,000
Global Series	25,000
Inflation Protection	15,000
Liquid Alternatives	50,000
Post-MPT Series	25,000
Precious Metals	15,000
Tactical Global Balanced	25,000

There typically are no account minimums for iSectors® allocations available to 401(k) and other retirement plans on retirement plan platforms.

Types of Accounts

iSectors® models are available through the Licensees as Separately or Unified Managed Accounts (oftentimes referred to as SMAs or UMAs). Separately and Unified Managed Accounts are opened in the client's name at independent custodians. iSectors® models are available to any individual, corporation, partnership, foundation, endowment, non-profit, or other entities that have the authority and/or ability to open such account and can meet the account minimums and agree to each respective Licensee's terms.

Accounts for retirement plans on the retirement plan platforms are unitized and individual participant balances are maintained by third-party administrators and/or record keepers with which the Plan Sponsor has contracted to provide those services.

E. Methods of Analysis, Investment Strategies and Risk of Loss

General Investment Philosophy

iSectors® believes that: (1) proper asset allocation, rather than security selection or marketing timing, is the primary factor in the results of most investment strategies; (2) because of lower costs, most investors are generally better served by a passive, rather than an active strategy; and (3) lowering investment expenses helps increase returns.

iSectors® shares many of the principles of Modern Portfolio Theory (or MPT) and portfolio management derived from the research of Miller, Markowitz, Sharpe, and their colleagues, including the philosophies/general belief that:

- Investors are risk averse: The only acceptable risk is that which is adequately compensated by potential portfolio returns.
- Markets are efficient: Because of large numbers, stocks are, for the most part, fairly priced, or efficient.
- Asset allocation: The allocation of an investment portfolio as a whole, is more important than individual security selection or market timing.
- Time horizon: Investing should be for the long term.
- Efficient frontier: Every level of risk has an optimal allocation of asset classes that will maximize returns. Conversely, for every level of return, there is an optimal allocation of asset classes that can be determined to minimize risk.
- Diversification: Diversifying investments among assets with low correlation to each other reduces portfolio risk.

iSectors® believes these principles are as valid today as they were when they were first published. iSectors® employs MPT's Mean Variance Optimization in the asset allocation process for some of its models. iSectors® also uses other algorithms and asset allocation methodologies.

iSectors® uses multiple types of analysis in the construction of its models. Dependent upon the model, qualitative, quantitative and/or technical methods are employed in the construction and management of each respective model or model series.

iSectors® investment models are composed of exchange-traded funds, exchange-traded notes, open-end mutual funds, closed-end mutual funds and other registered, publicly traded securities. iSectors® models <u>do not</u> include individual equities, individual bond holdings or unregistered securities.

Model Strategies & Methods of Analysis

Model Name	Allocation Type
Capital Preservation Allocation	Passive Fixed Income
CryptoBlock® Allocation	Passive Alternatives
Domestic Equity Allocation	Passive Equity
Domestic Fixed Income Allocation	Passive Taxable Fixed Income
Endowment Allocation	Passive High-Income Alternatives/Equity/Fixed Income
Enhanced Income Allocation	Passive Target Risk Equity/Fixed Income and Dynamic
Enhanced Conservative Allocation	Passive Target Risk Equity/Fixed Income and Dynamic
Enhanced Balanced Allocation	Passive Target Risk Equity/Fixed Income and Dynamic
Enhanced Growth Allocation	Passive Target Risk Equity/Fixed Income and Dynamic
Enhanced Aggressive Allocation	Passive Target Risk Equity/Fixed Income and Dynamic
Future Growth Allocation	Passive Alternatives
Global Fixed Income Allocation	Passive Fixed Income
Global Conservative Allocation	Passive Equity/ Fixed Income
Global Balanced Allocation	Passive Equity/Fixed Income
Global Growth Allocation	Passive Equity/Fixed Income
Global Equity Allocation	Passive Equity
Inflation Protection Allocation	Passive Inflation
Liquid Alternatives Allocation	Passive Alternatives
Post-MPT Growth Allocation	Dynamic-Domestic
Post-MPT Moderate Allocation	Dynamic-Domestic
Precious Metals Allocation	Passive Commodities
Tactical Global Balanced Allocation	Tactical Global Multi-Asset

iSectors® Capital Preservation Allocation Model

The iSectors® Capital Preservation Allocation is a strategic model that seeks principal stability over a 2-3-year period by assembling a portfolio of ETFs that collectively offer relatively low volatility. Nominal portfolio yield is a secondary goal of the model. The model primarily targets ETFs holding short-term, investment grade fixed income securities. A lesser portion of the portfolio may hold ETFs of short-term international or high yield securities. The model seeks to maintain an average investment grade rating for the entire portfolio as well as keeping portfolio duration to approximately 3 years or less.

iSectors® CryptoBlock®Allocation Model

The iSectors® CryptoBlock® Allocation is a uniquely positioned investment model designed to give advisers and their clients the opportunity to take advantage of the continuous and rapid adoption of cryptocurrencies and the underlying evolution of the technology that makes them possible: blockchain technology. Cryptocurrencies and blockchain technology investing can present advisers with some distinct compliance and reporting challenges. The iSectors® CryptoBlock® Allocation's investment strategy aims to simplify the regulatory, transaction, and performance reporting by accessing cryptocurrencies, and companies implementing blockchain technology through widely available, liquid, and transparent ETFs. The model portfolio concentrates on one cryptocurrency (Bitcoin) and one market sector (technology). Therefore, the iSectors® CryptoBlock® Allocation aligns best with investors that have a high-risk tolerance.

iSectors® Domestic Equity Allocation Model

The iSectors® Domestic Equity Allocation is a value-focused, index-based ETF allocation model. The portfolio overweights ETFs that own quality dividend paying companies emphasizing those that have increased their dividends every year for many consecutive years. This strategy is based on iSectors®

research that indicates the value of dividends in providing long-term returns and reduced volatility. In addition, our study suggests the best approach to selecting dividend-paying equities while avoiding the landmines (dividend-paying companies that go out of business or drastically cut dividends) is to choose companies of high quality. These may be companies with a long history of consecutive annual dividend increases, low price volatility, high excess cash flows, and/or strong balance sheets. These are primarily large, U.S.-based, multinational companies but include small- and mid-cap companies as well. The model may also hold ETFs that own growth stocks to provide additional capital gain opportunities. These global companies derive substantial revenues (35- 40%) from international and emerging market countries. Therefore, we do not add international or emerging market ETFs to avoid over-allocation to these asset classes. Sticking with U.S.-based stocks also reduces exchange rate risk for U.S. residents.

iSectors® Domestic Fixed Income Allocation Model

The iSectors® Domestic Fixed Income Allocation invests in laddered short-term U.S. fixed income securities. Two percent of the portfolio is allocated to money market instruments to provide liquidity and facilitate transactions. The model is intended for investors with a conservative risk utility or for a fixed income portion of a broader asset allocation. The iSectors® Domestic Fixed Income Allocation seeks to benefit from ETF's low investment expenses, transparency, liquidity and diversification compared to most actively-managed mutual funds.

iSectors® Endowment Allocation Model

The iSectors® Endowment Allocation is strategically allocated for investors with the primary objective of high income from a diversified, multi-asset portfolio. Principal protection is only a secondary objective. The iSectors® Endowment Allocation invests in equity, fixed income, and alternative ETFs with above average current yields. The resulting portfolio has a yield greater than that available from typical stock index and/or bond index portfolios. The portfolio is allocated approximately 50% to global equities and 50% to global fixed income. In addition, the iSectors® Endowment Allocation utilizes both traditional and alternative ETFs such as infrastructure, preferred securities, laddered short-term higher-yield bonds, and business development corporations. The resulting portfolio also benefits from the low investment expenses, transparency, liquidity, and diversification of ETFs compared to most actively managed mutual funds.

iSectors® Enhanced Allocation Series

The iSectors® Enhanced Allocation series is an innovative series of five target risk allocations including: Income, Conservative, Balanced, Growth and Aggressive. The iSectors® Enhanced Allocation series blends sophisticated short-term laddered bond strategies, a fundamental equity strategy focused on owning stocks of large multinational companies that have increased their dividends every year for many consecutive years, and a 20% satellite allocation to iSectors® exclusive Post-MPT dynamic strategy. This dynamic satellite strategy reoptimizes its portfolio allocation each month based on an objective quantitative algorithm that considers monthly changes in two dozen economic and capital market factors. Each of these unique strategies has low correlation to the others providing each of the five target allocations with superior risk adjusted returns. These advanced multifaceted allocation models, though sophisticated and complex, are developed using low cost, highly liquid and transparent index-based ETFs and maintained monthly by iSectors® expert investment professionals.

iSectors® Future Growth Allocation Model

The iSectors® Future Growth Allocation is a diversified portfolio of growth stocks that are on the cutting edge of the technological revolution brought about by the changing digital economy. The combined individual stock holdings of the underlying ETFs total about 300 publicly traded companies, diversified across many sectors

iSectors® Global Allocation Series

The iSectors® Global Allocation models are based upon Modern Portfolio Theory (MPT) and offer five different risk utility portfolios allocated to U.S., international, emerging market equity, and fixed income securities. The fixed income portion of these portfolios is diversified across a range of low-cost ETFs holding mortgage-backed, municipal, and corporate bonds with various maturities. A portion of the fixed income allocation is invested in ETFs that hold non-investment grade securities, high-yield bonds, and emerging market debt instruments in an effort to add diversification and the potential for increased returns. The equity portion of the portfolios is allocated among a diversified basket of domestic and international low-cost equity index-based ETFs. In addition, fundamentally weighted index ETFs are used in an effort to enhance return and reduce volatility.

iSectors® Inflation Protection Allocation Model

The iSectors® Inflation Protection Allocation is a strategic model that intends to hold a diversified portfolio of securities that historically have been resistant to inflationary pressures. Securities holdings within the model may include precious metals, including gold and silver, real estate, commodities, including timber, agricultural and energy, strategic/rare earth minerals, and short-term inflation-protected bonds.

iSectors® Liquid Alternatives Allocation Model

The iSectors® Liquid Alternatives Allocation offers investors exposure to inefficient, uncorrelated and/or low correlated asset classes such as hedge funds, private equity, soft commodities, precious metals, natural resources, real estate, and other real assets. This allocation to alternative investments is intended to be utilized as an important addition to an investor's portfolio. This portfolio of liquid alternative investments is available to individuals, trusts, non-profits, retirement plans and others with no requirement that the investor be accredited. Additionally, unlike alternative investments typically structured as private partnerships, the iSectors® Liquid Alternatives Allocation charges no performance-based fees, offers online daily pricing and performance updates, has timely year-end tax reporting (no late K-1s), maintains daily liquidity, and is available for a low minimum investment of $50,000.

iSectors® Post-MPT Allocation Series

The iSectors® Post-MPT Allocation Series consists of two dynamic models that adapt to changing market conditions as they occur. iSectors® designed the Post-MPT Allocation models to help investors become proactive in an ever-changing environment. The models utilize a robust algorithm that evaluates changes in real-world factors that influence the performance of major asset classes and then adjusts the portfolio allocation accordingly. The result is the potential for increased returns with lower drawdowns. The Post-MPT Allocations are iSectors® flagship allocation models.

iSectors® Post-MPT Growth Allocation

The objective of the iSectors® Post-MPT Growth Allocation is to achieve market returns with lower downside risk over a complete market cycle. The portfolio manager objectively allocates and rebalances the portfolio (risk/return) monthly among up to nine specific, low-correlated asset classes. The quantitative process is guided by monthly changes in two dozen economic and capital market factors. Portfolios may be invested up to 30% at any one time into any single asset class, with the exception of government bonds, to which the model may allocate up to 50%. iSectors® Post-MPT Growth Allocation is available for all types of accounts including high net worth individuals, trusts, foundations, endowments, retirement plans, and IRAs.

iSectors® Post-MPT Moderate Allocation

The objective of the iSectors® Post-MPT Moderate Allocation is to achieve moderate investment returns with lower downside risk over a complete market cycle. The portfolio manager objectively allocates and rebalances the portfolio (risk/return) monthly among up to nine specific, low-correlated asset classes. The quantitative process is guided by monthly changes in two dozen economic and capital market factors. Portfolios may be invested up to 30% at any one time into any single asset class, with the exception of government bonds, to which the model may allocate up to 50%. The iSectors® Post-MPT Moderate Allocation does not use borrowed money in its strategy and remains 100% invested at all times (subject to a 2% cash allocation for liquidity purposes).

iSectors® Precious Metals Allocation Model

The iSectors® Precious Metals Allocation is intended to offer investors a simple and cost-efficient approach to acquiring a diversified portfolio of precious metals bullion. This allocation model invests in exchange-traded funds (ETFs) and closed-end funds (CEFs) that hold portfolios of gold, silver, platinum, or palladium bullion. The iSectors® Precious Metals Allocation provides for ease of purchase and sale of the investment, elimination of most of the costs for holding the exposure, and increased liquidity when compared to directly acquiring and holding physical precious metals bullion.

iSectors® Tactical Global Balanced Allocation Model

The iSectors® Tactical Global Balanced Allocation offers a comprehensive investment approach diversified across major global asset classes, including Domestic Equities, International and Emerging Market Equities, Bonds, Commodities, Gold and Real Estate. The model actively manages the investments within the portfolio, utilizing a proprietary trend-following methodology to allocate among the model's targeted asset classes and to cash (or short-term bonds). This model's objective is to be in 100% cash alternatives/short-term bonds during prolonged declines in individual asset classes to reduce overall portfolio drawdown. The iSectors® Tactical Global Balanced model seeks to invest in index exchange-traded funds (ETFs) to achieve its objectives.

Research & Data Sources

iSectors® conducts proprietary research in the development of its models. In conjunction with its research activities, iSectors® relies upon unrelated, third-party sources for numerical and fundamental data, software, and other related materials. iSectors® purchases these resources directly and does not receive soft dollar benefits from any broker-dealers or other third party in connection with procuring its research resources.

Other than its affiliation with Sumnicht & Associates, iSectors® is an independent organization. iSectors® seeks to develop relationships with multiple investment Platform Sponsors, investment advisers and independent custodians.

Risks

iSectors® utilizes numerous asset allocation strategies which allocate assets to exchange-traded funds, closed or open-ended mutual funds, business development companies, and exchange-traded notes. In turn, these investment vehicles will purchase and sell underlying securities in accordance with their investment documents. Those underlying securities may include traditional domestic and international asset classes. Certain ETFs and/or ETNs hold commodities, currencies, Real Estate Investment Trusts, master limited partnerships, options, futures and/or other derivatives. Thus, the risks associated with investing in iSectors® models are closely related to the risks associated with the underlying securities and other investments held by the funds. The ability of each respective model portfolio to achieve its investment objective will depend on the ability of the underlying funds to achieve their investment objectives.

iSectors® models are not guaranteed, nor are they FDIC insured. All iSectors® models will fluctuate in value and involve risk of loss. While iSectors® employs various strategies that are intended to provide returns while reducing portfolio volatility and drawdowns (portfolio declines), the various diversification, asset allocation and tactical strategies do not ensure a profit nor prevent a loss. Investing in any security involves a risk of loss that the investor should be prepared to bear. Investors should examine their investment goals and understand to what extent they can handle a loss when considering any investment, including those offered by iSectors®.

Some, but not all the risks of investing in iSectors® models may include:

Active Trading Risk. Certain iSectors® models and model holdings may be subject to active trading risk. The frequent exchange of shares of the portfolio may cause the portfolio to experience high turnover. High portfolio turnover may result in the portfolio having to pay higher transaction costs and may negatively impact the portfolio manager's ability to achieve the investment objective of the portfolio.

Commodities Risk. iSectors® invests in securities and strategies linked to commodities indexes that are concentrated in the commodities sector. The market value of these holdings may be influenced by many unpredictable factors, including, where applicable, highly volatile commodities prices; changes in supply and demand relationships; weather; agriculture; trade; pestilence; changes in interest rates; and monetary and other governmental policies, action, and inaction. Index components that track the performance of a single commodity, or index components concentrated in a single sector, are speculative and may typically exhibit higher volatility. The current or "spot" prices of the underlying physical commodities may be lower (contango) or higher (backwardation) than the prices of futures contracts of the respective commodities. When exchange-traded funds own futures, contango can make it more difficult to profit on the commodities investment. To the extent that any particular iSectors® model may be invested in funds which hold commodities or commodities-related investments, that respective iSectors® model is subject to commodities risk.

Correlation Risk. Although the prices of equity securities and fixed-income securities, as well as other asset classes, often rise and fall at different times so that a fall in the price of one may be offset by a rise in the price of the other, in down markets, the prices of these securities and asset classes can also fall in tandem. Because iSectors® allocates investments between equities and fixed income securities, the strategies are subject to correlation risk.

Credit Risk. Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and, thus, impact the portfolio's performance. To the extent that any particular iSectors® model holds fixed income securities, those respective models will be subject to credit risk.

Cryptocurrency Risk. Certain iSectors® models and model holdings may be subject to cryptocurrency risk through exposure to cryptocurrencies and securities in the technology sector concentrating on the digital economy's groundbreaking technological advancements brought about by cryptocurrencies and blockchain technology. The price of Bitcoin and other cryptocurrencies tends to fluctuate unpredictably and drastically. Unexpected changes in market sentiment can lead to sharp and sudden moves in price. Cryptocurrencies are currently not fully regulated by governments and/or central banks. As a result, investors can experience significant and rapid losses. Other key risks for funds and ETFs investing in cryptocurrencies include trading interruption, redemption risks, and price volatility. Given this is a relatively new area of investment, there are likely other unknown risks.

Emerging Markets Risk. Some foreign markets in which the iSectors® model may invest, are considered to be emerging markets. Investment in these emerging markets subjects the portfolio to a greater risk of loss than investments in a developed market. This is due to, among other things, greater market volatility, lower trading volume, political and economic instability, high levels of inflation, deflation or currency devaluation, greater risk of market shutdown, and more governmental limitations on foreign investment policy than those typically found in a developed market. In addition, the financial stability of issuers (including governments) in emerging market countries may be more precarious than in other countries. As a result, there will tend to be an increased risk of price volatility in investments in emerging market countries, which may be magnified by currency fluctuations relative to the U.S. dollar. Settlement practices for transactions in foreign markets may differ from those in U.S. markets. Such differences include delays beyond periods customary in the United States and practices, such as delivery of securities prior to receipt of payment, which increase the likelihood of a "failed settlement." Failed settlements can result in losses to the fund. For these and other reasons, investments in emerging markets are often considered speculative. To the extent the portfolio has investments in emerging markets, the portfolio is subject to emerging markets risk.

Equity risk is the risk that one's investments will depreciate because of stock market dynamics causing one to lose money. iSectors® models are subject to equity risk to the extent the portfolio is invested in equity securities. iSectors® model returns are not guaranteed and will fluctuate in value.

ETF and Mutual Funds Risk. ETFs and mutual funds are subject to investment advisory and other expenses, which will be indirectly paid by investors. As a result, the cost of the investment strategy will be higher than the cost of investing directly in ETFs or mutual funds. ETFs and mutual funds are subject to specific risks, depending on the nature of the fund.

ETFs are professionally managed pooled vehicles that invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. ETFs' managers trade fund investments in accordance with fund investment objectives. While ETFs generally provide diversification, risks can be significantly increased for funds concentrated in a particular sector of the market, or that primarily invest in small cap or speculative companies, use leverage (i.e., borrow money) to a significant degree, or concentrate in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. During times of extreme market volatility, ETF pricing may lead or lag versus the actual underlying asset values. This lead or lag usually resolves itself in a short period of time (usually less than one day); however, there is no guarantee this relationship will always exist.

Exchange-Traded Note Risk. Exchange-traded notes are unsecured obligations of the issuing bank and are not secured debt (third-party risk). Exchange-traded notes are riskier than ordinary unsecured debt securities and have no principal protection. Risks of investing in exchange-traded notes include limited portfolio diversification, trade price fluctuations, uncertain principal repayment, and illiquidity. Investing in exchange-traded notes is not equivalent to investing directly in an index or in any particular index components. The management fee will reduce the amount of return at maturity or on redemption and, as a result, you may receive less than the principal amount of your investment at maturity or upon redemption of the exchange-traded note(s), even if the level of the relevant index has increased or decreased (as may be applicable to the particular series of securities). To the extent any particular iSectors® model holds exchange-traded notes, that model is subject to exchange-traded note risk.

Foreign Securities Risk. Returns on investments in foreign securities could be more volatile than, or trail the returns on, investments in U.S. securities. Investments in securities issued by entities based outside the U.S. pose distinct risks since political and economic events unique to a country or region will affect those markets and their issuers. Further, such entities and/or their securities may also be affected by currency controls; different accounting, auditing, financial reporting, and legal standards and practices; expropriation; changes in tax policy; greater market volatility; differing securities' market structures; higher transaction costs; and various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends. Securities traded on foreign markets may be less liquid (harder to sell) than securities traded domestically. These risks may be heightened in connection with investments in developing or emerging countries. Thus, to the extent the model is invested in funds that invest in foreign securities, this portion of the fund is subject to foreign securities risk.

Geographic Concentration Risk. A strategy may be particularly susceptible to economic, political, regulatory, or other events or conditions affecting countries within the specific geographic regions in which the strategy invests.

Index Fund Risk. Index fund risk relates to the fact that index holdings are not actively managed and may be affected by declines in general market segments related to the underlying indexes. Representative indexes invest in securities included in, or representative of, underlying indexes, regardless of their investment merits.

Interest Rate Risk. Interest rate risk is the risk (variability in value) borne by an interest-bearing asset, such as a loan, or due to fluctuating rates. In general, as rates rise, the price of a bond will fall, and vice versa. Interest rate risk is commonly measured by the bond's duration. iSectors models that contain fixed income securities, particularly medium and long-term fixed income holdings, will be subject to interest rate risk to the extent of the portion of fixed income instruments held in the portfolio in relation to the entire portfolio.

Inflation Risk. Inflation risk is the possibility the value of assets or income will decrease as inflation shrinks the purchasing power of a currency. iSectors® models with a greater percentage of holdings in domestic securities, particularly domestic fixed-income securities, are subject to a greater degree of inflation risk than those portfolios that may hold equity or real assets.

Leveraged ETF Risk. iSectors® Post-MPT Growth Allocation, at times, will utilize leveraged exchange-traded funds in the execution of its strategy (no other iSectors models hold leveraged ETFs). Leveraged ETFs are different from most exchange-traded funds in that they seek leveraged returns, and only on a daily basis. These exchange-traded funds are riskier than similarly benchmarked exchange-traded funds that do not use leverage. Leveraged ETFs employ aggressive investment techniques (futures contracts, options, forward contracts, swap agreements and similar instruments), correlation or inverse correlation, leverage, and market price variance, all of which can increase volatility and decrease performance. In addition to the normal risks associated with investing, narrowly-focused investments typically exhibit higher volatility. These risks can increase volatility and decrease performance. In addition, leveraged ETFs seek investment results for a single day only, not for longer periods. This means the return for leveraged ETFs for periods longer than a single trading day will be the result of each day's returns compounded over the period, which will very likely differ from twice (200%) the return of underlying index for that period. To the extent the iSectors® Post-MPT Growth Allocation holds leveraged exchange-traded funds, the model is subject to these risks.

Liquidity Risk. In finance, liquidity risk is the risk of a given security or asset that cannot be traded quickly enough in the market to prevent a loss (or make the required profit). Only registered, publicly traded securities are held in iSectors® models. Securities held are primarily index exchange-traded funds, exchange-traded notes, closed-end mutual funds and open-end mutual funds. iSectors® takes market capitalization, trading volume and other liquidity-related factors into consideration when evaluating securities for inclusion in all models. However, an active market with sufficient trading volume is not guaranteed and in the event of an unusual market event, such as one that occurred in May 2010, investors with holdings in iSectors® models may be subject to liquidity risk, should they choose or need to liquidate their model holdings at such time.

Model Risk. iSectors® models employ research based upon historical studies and proprietary algorithms. There is no level of probability or guarantee that these models will continue to work in the future. Past performance is no guarantee of future results.

Performance Risk. There is no assurance that any particular iSectors® model will achieve its stated goals.

Principal Risk. All iSectors® models invest in publicly issued securities that fluctuate in value. These securities, depending on the model, may include some or all the following: equity securities such as common and preferred stocks, domestic and foreign government bonds, domestic and foreign corporate-issued fixed income securities, real assets (such as Real Estate Investment Trusts, commodities, and precious metals), or derivatives such as futures and options. Investments in all these asset classes are subject to market risks that may cause their prices to fluctuate over time.

Tracking Error Risk. iSectors® models hold index and index-related securities. Imperfect correlation between the index portfolio of securities, and those in its underlying index, can be caused by many factors, including rounding of prices, changes of the underlying index and regulatory requirements that may cause tracking error, or the divergence of the index securities held in our models from those of their respective underlying indexes. This risk may be heightened during times of increased market volatility or unusual market conditions. Tracking error may also result from the fees incurred by the underlying funds, as well as the management, trading and other fees incurred by investing in the model, while the underlying indexes do not incur these fees. iSectors® does not actively manage tracking errors within its models.

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Some of the more obvious risks are discussed here. However, this is not a comprehensive list of all possible risks, as there are many other risks that could affect an investor's investment portfolio. For example, political risks, legal risks, risks of fraud, contango or backwardation in the case of futures and commodities, lack of diversification, management changes, and/or natural disasters. These, along with other risks not listed here because they are unknown or could develop in the future, can negatively affect investment portfolios.

Platform sponsors, licensees, advisers, and their clients must accept and understand that investment in iSectors® models is subject to various markets, interest rate, liquidity, marketability, currency, economic, political, legal, business and/or other risks. In addition, these known and unknown risks may adversely affect investment results and/or the ability to achieve financial objectives.

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Tax Information. Income and capital gain distributions you receive from investment in iSectors® models are subject to federal income taxes and may also be subject to state and local taxes.

F. Disciplinary Information

iSectors® has no legal or disciplinary events to report.

G. Other Financial Industry Activities and Affiliations

1. **Sumnicht & Associates**. iSectors®, LLC was originally developed in 2005 by Vernon C. Sumnicht as a department of his 1988 SEC-registered investment advisory firm, Sumnicht & Associates, LLC ("Sumnicht"). In 2008, iSectors® became its own registered investment adviser and maintains an ongoing affiliation with Sumnicht. iSectors® and Sumnicht continue to share certain back-office and administrative resources, as well as certain capital resources and personnel. iSectors® responses within this disclosure document contemplate and include those shared resources.

Sumnicht is wholly owned by Vernon Sumnicht and his wife, Debra Sumnicht.

2. **Registered with Broker Dealer.** Neither iSectors® nor its affiliates are registered broker/dealers and do not have an application to register pending.

3. **Futures or Commodity Registrations.** Neither iSectors® nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading adviser and does not have an application to register pending.

4. **Material Relationships Maintained by this Advisory Business**. iSectors® provides investment management services to third-party sponsored money management programs. iSectors® does not solicit participation in one program versus another and is included in these programs solely as an option for the program's independent advisers and their clients. These programs have varying fee and cost structures.

5. **Licensing Agreements.** iSectors® may establish direct licensing relationships with other registered financial advisers (RIAs). These RIAs may recommend models licensed from iSectors® for their own or other third-party financial advisers' clients. Each RIA pays iSectors® a fee for use of its intellectual property based on all designated adviser client accounts that use the models. The fee is applied to the market value of the assets within the accounts in accordance with a fee schedule, which may differ for each RIA. Each RIA is responsible for determining whether to implement the models or any portion thereof.

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

iSectors® has adopted a compliance manual that addresses actual and potential conflicts of interest. iSectors® associates are not generally presented with the types of conflicts of interest faced by many other investment advisers. This is because: (a) iSectors® activities are generally limited to creating and revising its models and (b) because iSectors® does not advise clients on individual securities (or their individual financial situation and investment objectives).

iSectors®, and/or its affiliated persons, may purchase or sell securities that comprise iSectors® asset allocation models. iSectors®, in conjunction with Sumnicht, has implemented an investment policy relative to personal securities transactions. This investment policy is part of iSectors® overall Code of Ethics, which serves to establish a standard of business conduct for all iSectors® Access Persons that is based upon fundamental principles of competency, integrity, honesty, confidentiality, and trust.

Confidentiality: In accordance with Section 204A of the Investment Advisers Act of 1940, iSectors® also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by iSectors® or any person associated with iSectors®. The Code of Ethics includes policies and procedures for maintaining the confidentiality of sensitive information relating, among other things, to personal, non-public information. Employees, as well as Access Persons, are generally prohibited from disclosing any confidential information within the company (other than on a "need-to-know basis") or outside the company in the absence of appropriate confidentiality arrangements, or to regulators or legal authorities who have a legal right to receive such information.

Gifts and Gratuities: The Code of Ethics includes a limitation on the giving and receiving of gifts and gratuities by employees to items of small value.

Where applicable, and although not a material consideration when determining model holdings, iSectors® and/or Sumnicht may receive from a particular broker-dealer/custodian, mutual fund, exchange-traded fund management or distributor group, without cost (and/or at a discount), support services and/or products, certain of which assist iSectors® in its research and ongoing management process of its models. Included within the support services that may be obtained by iSectors® may be investment-related research, pricing information and market data, software and other technology, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, and/or software and/or other products used by iSectors in furtherance of its investment advisory business operations.

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

Neither iSectors® nor Sumnicht pay more for investment transactions affected and/or assets maintained at any custodian as a result of these arrangements. There is no corresponding commitment made by iSectors® to use an exchange-traded fund, exchange-traded note, mutual fund, any custodian, or any other entity to invest any specific amount or percentage of assets in any specific mutual funds, securities, or other investment products.

Personal Trading Practices: Employees and/or Access Persons may buy or sell the same securities recommended by iSectors® or securities in which investment adviser's clients are invested. Conflicts of interest may exist in such cases because an employee and/or Access Person may have the ability to trade ahead and potentially receive more favorable prices. To mitigate this conflict of interest, iSectors® maintains a restricted list which includes the securities iSectors® trades or contemplates trading within the models and requires employees and/or Access Persons to receive approval, through written documentation, prior to making a trade in restricted securities (and any derivatives thereof) in their personal trading account(s) during blackout periods when iSectors® trades or contemplates trading within the models.

Other Conflicts of Interest: iSectors® is not required to devote its full time or any material portion of time to any particular investment activity it is currently involved in, and may, in the future, become involved in other business ventures, including other investment strategies and funds whose investment objectives, strategies and policies are the same or similar. These other ventures will compete for iSectors® time and attention and might create additional conflicts of interest.

Compliance with Code of Ethics: iSectors® Chief Compliance Officer is primarily responsible for implementing and administering the Code of Ethics. Employees, as well as Access Persons, are required to report any violations of the Code of Ethics or applicable laws. Failure to comply with the Code of Ethics may result in disciplinary action, up to and including termination.

Other Provisions: The Code of Ethics includes other provisions regarding insider trading, communications with media, honest and ethical conduct and fair dealing, the protection of corporate assets and corporate business opportunities, gifts and gratuities and the accuracy of the books and records and public records. iSectors® will provide a copy of the Code of Ethics to any current or prospective Platform Sponsor or Licensee upon request.

I. Brokerage Practices

All trading functions for iSectors® strategies are outsourced to the respective Licensees for all iSectors® asset allocation models. iSectors® does not generally have responsibility to execute securities transactions. Securities transactions within the models are directed by the Licensees through independent custodians selected by investment advisers and/or determined by their clients.

The custodial and trading fees are negotiated between the custodian and the Licensees. The brokerage and custodial fees vary, dependent upon the independent agreements between the respective custodians, Licensees and, if applicable, any affiliated broker-dealer or investment adviser.

J. Review of Accounts

iSectors® models are reviewed on a periodic basis as determined by internal objectives and market conditions. Models are reviewed for consistent relative performance, adherence to predetermined risk characteristics, and for economic developments that could impact various policies and strategies.

iSectors® **does not** provide investment supervisory services nor financial planning services to the general public. As such, iSectors® is not responsible for any underlying client/investor contact. Rather, all such client-related functions are the exclusive responsibility of the adviser utilizing the iSectors® models.

iSectors® **does not** provide any client-related reports. Advisers and/or their clients are provided with transaction confirmation notices and regular summary account statements, performance reports, realized gains and/or loss reports, etc. directly from the designated broker-dealer/custodian and/or Licensee.

K. Client Referrals and Other Compensation

iSectors® does not currently intend to use paid solicitor referrals. If iSectors® does decide to make use of such referrals in the future, procedures will be adopted at that time.

L. Custody

Securities custody (and related transactions) within the models are typically directed by the Platform Sponsor through independent, qualified custodians selected by investment advisers and/or determined by the investment advisers' clients. iSectors® does not typically recommend broker-dealers and/or custodians for Platform Sponsors, investment advisers or investment advisers' client accounts. The designations and selection of a broker-dealer and/or custodian, and the corresponding pricing/cost thereof, is the responsibility of parties other than iSectors®, including the Licensees, investment advisers and/or each of their respective underlying clients.

Please note: iSectors® Form ADV Part 1A Item 9 response concerning certain custody questions relates to accounts of Sumnicht & Associates where Sumnicht & Associates may have deemed custody. iSectors® does not have custody of accounts.

M. Investment Discretion

iSectors® is **not responsible** for and does not maintain contact with any underlying client/investor. Rather, all such client-related functions are the **exclusive responsibility** of the investment advisers that have licensed the models directly from iSectors® and/or are utilizing and accessing the models through a Platform Sponsor. iSectors® does not have any advisory agreements with individual underlying clients and does not maintain discretion over any individual client accounts.

For 401(k) and/or other retirement Plans that execute the iSectors® model management agreement, iSectors® **does not** provide direct client servicing to the end client (Plan Sponsors or Plan participants). Rather, the Plan Sponsor must contract with third-party advisory firm(s) to provide client contact-related advisory functions. When iSectors® allocation models are included as investment options within a 401(k) retirement plan, the models operate as investment selections and iSectors® is a fiduciary within the meaning of ERISA Section 3(21)(A), but does not act as an ERISA Section 3(38) fiduciary with respect to its management of its models.

N. Voting Client Securities

iSectors® does not vote proxies on securities. The Platform Sponsor(s) and/or Licensee(s) maintains responsibility for voting proxies on securities by: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the investment adviser's clients shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the investment assets in the investment adviser's client accounts.

O. Financial Information

No disclosure necessary.