iSectors®, LLC

Form ADV, Part 2 Brochure

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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. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, nor by any state securities authority.

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

Material Changes

This Brochure supersedes the prior version dated 3/27/2019 as an update. Material changes effective since the last update includes:

Section G. Other Financial Industry Activities and Affiliations

The addition of Tuttle Tactical Management, LLC as a Portfolio Services Sub-Adviser is discussed. Also, there is a notice of possible additional licensing agreements.

Section I. Brokerage Practices

The brokerage practices of Tuttle Tactical Management, LLC related to iSectors model is discussed.

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A. Advisory Business

The primary service provided by iSectors®, LLC ("iSectors") is to license its proprietary iSectors investment program, consisting of a 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 of its investment strategies, iSectors, LLC ("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 Folio.) 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 model.

iSectors was originally a department of Sumnicht & Associates, LLC ("Sumnicht"). Sumnicht is also an SEC-registered investment adviser (SEC File No. 801-111421). 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 to place 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 adviser 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.

Sumnicht has 401(k) plan clients and recommends that iSectors allocations be included as investment options within some of the Plans. For any Plans advised by Sumnicht that utilize the iSectors program, Sumnicht compensates iSectors for its model management fees directly out of a portion of the advisory fee that Sumnicht receives for its services to the Plan(s). Use of iSectors models in Plans advised by Sumnicht does not result in any additional charge to the respective Plan(s) or Plan participants.

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.

Availability of Models as Registered Investment Companies

iSectors may serve as the investment adviser or subadvisor to investment companies registered under the Investment Company Act of 1940, as amended (the "Investment Company Act") (together, the "Registered Funds"). Therefore, investors may be able to access iSectors models through these Registered Funds. iSectors will manage the assets of the Registered Funds in accordance with investment objectives, policies and restrictions as set forth in each respective prospectus. No person is authorized to give any information or to make any representations about the Registered Fund or its Shares not contained in its Prospectus, and you should not rely on any other information. Read and keep the Prospectus for future reference.

Tailoring of Investment Advice

iSectors produces models. Such models are not generally tailored to the individual needs of any specific client and individual clients may not generally impose restrictions on any given model (however, they are free to choose which models they believe may best suit their needs).

Assets Under Management

As of 12/31/2019, $ 349.4 million was invested in the iSectors program. Of this amount, $23.1 million are regulatory assets listed in iSectors' Form ADV, Part 1. The regulatory assets reflect certain select iSectors retirement plan relationships in which iSectors is deemed to have a level of discretionary authority in coordination with a second investment adviser.

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.

Client accounts that are allocated to the various iSectors models through a Platform Sponsor or other Licensee may be subject to other fees, independent of iSectors fees, which may be bundled or unbundled. Some of these other fees could 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. Neither iSectors nor Sumnicht & Associates 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 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 on Brokerage Practices for more information on this topic.)

The fees for the Registered Funds can be found in the respective Registered Fund's prospectus.

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 assess nor accept any other fees with respect to the iSectors investment models. iSectors does not assess performance-related fees nor receive any performance-related income.

D. Types of Clients

iSectors 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.

iSectors, LLC ("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.

For 401(k) plans to which iSectors offers its models, it does not generally maintain direct contact with Plan sponsors and/or Plan participants. Rather, responsibility for ongoing contact regarding the models (including education) with the Plan Sponsors and/or Plan Participants remains in the domain of the investment advisers or investment management fiduciaries with which the Plan has contracted to provide those services. However, for select 401(k) plans for which iSectors is a direct party to certain investment management arrangements and thus deemed to have investment discretion, it does work in concert with the primary adviser as to various matters.

iSectors may offer certain strategies via registered investment companies. iSectors may serve as the investment adviser or subadvisor to investment companies registered under the Investment Company Act. iSectors will manage the assets of the Registered Funds in accordance with investment objectives, policies and restrictions as set forth in each respective prospectus.

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
Domestic Equity	25,000
Domestic Fixed Income	25,000
Endowment Allocation	30,000
Enhanced Series	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
Tax-Wise Income	25,000

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

Details of minimum investment requirements for the Registered Funds can be found in the respective Registered Fund's prospectus.

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 or other entities that have the authority and/or ability to open such account and can meet the aforementioned 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) 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.
- The allocation of an investment portfolio, as a whole, is more important than individual security selection or market timing.
- 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 primarily composed of exchange-traded funds and exchange-traded notes, and, to a lesser extent, open-end mutual funds, closed-end mutual funds and other registered, publicly traded securities. iSectors models do not include individual equities, individual bond holdings or unregistered securities.

Key Model Strategies & Methods of Analysis

Model Name	Allocation Type
Capital Preservation Allocation	Passive Fixed Income
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
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
Tax-Wise Income Allocation	Passive Tax-Exempt Fixed Income

Domestic Equity Allocation Model

iSectors® Domestic Equity Allocation model is a strategic asset allocation model that utilizes a Mean Variance Optimization (MVO) approach to asset allocation. The iSectors Domestic Equity allocation provides an index approach to a diversified portfolio of low-cost, large index domestic equity exchange-traded funds (ETFs), intended to reduce active management costs and the correlating drag on investor performance.

Domestic Fixed Income Allocation Model

The iSectors® Domestic Fixed Income Allocation is a strategic portfolio that seeks to provide investors with current income. The Domestic Fixed Income Allocation invests exclusively in U.S. fixed income securities through a selection of investment grade and high yield corporate securities laddered up to five years in maturity. 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 conservative portion of a broader asset allocation. The Domestic Fixed Income Allocation seek to benefit from exchange traded fund's low investment expenses, transparency, liquidity and diversification compared to most actively managed mutual funds.

Global Series

iSectors® Global models are designed to offer turnkey institutional-quality allocations to traditional asset classes, including domestic, international, and emerging market equity and fixed income securities. These strategic asset allocation models use a Mean Variance Optimization approach to implement a passive asset allocation solution.

iSectors uses ETFs that are based upon fundamentally-weighted indexes in the Global Series of models. When compared to many cap-weighted indexes, fundamentally-weighted indexes have generally shown the ability to provide better risk-adjusted returns. For example, fundamentally-weighted indexes can be based upon dividends. Numerous academic studies have consistently shown that dividend-paying stocks tend to outperform the average stock and, over time, dividends tend to provide the majority of the total return from equity investments. Past performance does not ensure future results.

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 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 15 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.

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 55% to global equities and 45% to global fixed income. In addition, the iSectors Endowment Allocation utilizes both traditional and alternative ETFs such as master limited partnerships, infrastructure, laddered short-term higher-yield bonds, and Business Development Corporations (BDC). The resulting portfolio also benefits from the low investment expenses, transparency, liquidity and diversification of ETFs compared to most actively managed mutual funds.

While iSectors Endowment Allocation includes alternative investments, it does not allocate to private partnerships, which are illiquid and only available to accredited investors (the concept of accredited investor is typically defined as investors who can bear the economic risk of investing in unregistered securities, i.e. those that generate annual income in excess of $200,000 or with a net worth exceeding one million dollars). All iSectors models provide significant daily liquidity and are available to any institutional or individual investor that meets suitability requirements. These unique advantages are achieved by using alternative investments that are available either through an ETF, ETN, BDC, a mutual fund, or other type of registered security.

Liquid Alternatives Allocation Model

The iSectors Liquid Alternatives Allocation model is comprised entirely of liquid alternative asset classes, including real assets, private equity, and hedge strategies. iSectors Liquid Alternatives model is intended to be used by advisers in client accounts deemed to have sufficient equity and fixed income asset classes but may benefit from an allocation to liquid alternatives. The iSectors Liquid Alternative model uses only registered securities (no limited partnerships or other unregistered securities) and, therefore, advisers may use the model with non-accredited investors.

Dynamic (Post-Modern Portfolio Theory or Post-MPT) Allocation Series

Post-Modern Portfolio Theory and research in Behavioral Finance have pointed the way toward more effective applications of Modern Portfolio Theory's (MPT) principles. iSectors is of the belief that:

- Equating risk with standard deviation or volatility implies that clients are just as concerned with an investment's unexpected gains as they are with unexpected losses. This violates what we believe to be common logic, when we believe most typical investors are much more concerned with unexpected losses.

- Diversification can reduce investment risk by allocating to asset classes that are truly different from each other (have low correlation). Diversification to asset classes that are too similar to each other does not materially reduce risk. Note that even effective diversification does not ensure a profit nor prevent loss in a declining market.

- The economy, investment markets, investor utility, and especially investment portfolios, can all be affected by more than the three factors: standard deviation, expected return, and correlation (which are the three main factors behind the Mean Variance Optimization (MVO) asset allocation algorithm). Therefore, asset allocation algorithms that consider additional relevant capital and economic factors when attempting to determine a portfolio's optimal asset allocation or re-balancing decisions within defined parameters might offer more effective solutions. A few examples of relevant factors might include interest rates, inflation, Gross Domestic Product (GDP), unemployment, money supply, and others.

- Finally, lower-cost vehicles, like exchange-traded funds (ETFs), can offer investors a lower total annual fee structure than managed mutual funds. These fee reductions can come from lower management expenses, commissions, and taxes. These savings may improve client returns over time.

iSectors® Post-MPT models advance traditionally-allocated MPT-based methodologies in the following ways:

a. Because iSectors applies an algorithm that incorporates more than a dozen relevant, real-world capital and economic factors into the calculation (as opposed to the three used by MVO), we believe the model is generally more robust, objective, and accurate than traditional MPT-based allocations.
b. iSectors utilizes negative returns (loss of money) only as opposed to standard deviation (upside and downside volatility) as a risk measurement in our calculations.
c. iSectors utilizes index ETFs in the application of our strategies. These securities can lower costs and tax implications over traditional mutual fund or actively managed portfolios.
d. iSectors Post-MPT models allocate to asset classes that are less correlated to one another than traditional methods. For example, the behavior of traditional capitalization (large, mid and small cap) and fundamental (value-growth) asset classes in the Morningstar style box have become too similar (with correlations approaching one). Therefore, asset allocation using these asset classes has become, in our view, less effective at reducing risk. iSectors believes that the Post-MPT models have a more effective diversification methodology and may assist in providing better risk-adjusted returns. Diversification does not ensure a profit, nor does it prevent losses in a declining market.

Tactical Global Balanced Allocation Model

The iSectors® Tactical Global Balanced Allocation model is unique within the iSectors series of models in that it is the only model that uses cash as a defensive mechanism within the context of the strategy. The model applies a proprietary trend-following set of rules to allocate to and among seven (7) identified asset classes, including domestic equities (both small and large capitalization), international equities, emerging market equities, bonds, gold, commodities and real estate (Real Estate Investment Trusts or REITs). This model algorithm determines which, if any, of the defined asset classes are to be included or excluded within the model for each month. The model will move to cash (up to 100% of the portfolio) when certain criteria are not met.

Capital Preservation Allocation Model

The iSectors® Capital Preservation Allocation model has been constructed for investors with a desire for additional principal stability by creating a portfolio of investments with relatively low volatility. Nominal portfolio yield is a secondary goal of the model. The model holds fixed income Exchange-Traded Funds (ETFs) that have an average short-term duration with an average investment grade rating. A smaller portion of the assets may be placed in ETFs holding short-term international instruments, high-yield securities, senior bank loans, and/or floating rate notes. The model will generally target ETFs holding bond portfolios with duration of less than three (3) years, although longer duration bond funds will be considered with the overall goal of limiting the model's overall portfolio duration to approximately three (3) years (or less) and an overall average portfolio rating of investment grade. Risk is controlled through diversification and limiting the model to what is believed to be higher quality, shorter-term, fixed income instruments. Diversification does not ensure a profit nor prevent against loss in a declining market.

While stability of principal is the primary goal of this portfolio, the secondary objective is to provide current income higher than money market funds or short-term CDs. An investment in the iSectors

Capital Preservation Allocation model, as with all iSectors models, is not guaranteed and will fluctuate in value.

Inflation Protection Allocation Model

For an investment portfolio to maintain purchasing power, the investments within that portfolio must earn a rate of return that, net of taxes, at a minimum, keeps pace with the rate of inflation.

The core philosophy of the iSectors® Inflation Protection Allocation model is a diversified, optimally allocated portfolio that offers investors the potential to hedge the risks of inflation. The model portfolio is designed to grow in a high inflationary environment, although there is no guarantee that the portfolio will perform as intended should an inflationary environment materialize.

Concerns of iSectors' Investment Committee with respect to macro-economic conditions in the U.S. economy led iSectors to research and develop a universe of investments (mostly ETFs) that have historically shown positive performance during inflationary periods. Mean Variance Optimization, fundamental and technical analysis of inflation-related indexes, portfolio optimization techniques and historical research were and are applied in the construction and maintenance of this model.

Precious Metals Allocation Model

For an investment portfolio to maintain purchasing power, the investments within that portfolio must earn a rate of return that, net of taxes, at a minimum, keeps pace with the rate of inflation.

The core philosophy of the iSectors® Precious Metals Allocation model is a diversified portfolio of precious metals bullion ETFs that offers investors the potential to hedge the risks of inflation. The model portfolio is designed to grow rapidly in a high inflationary environment, although there is no guarantee that the portfolio will perform as intended should an inflationary environment materialize.

Mean Variance Optimization, fundamental and technical analysis of precious metals indexes, portfolio optimization techniques and historical research were and are applied in the construction and maintenance of this model.

Tax-Wise Income Allocation Model

The iSectors® Tax-Wise Income Allocation is a model portfolio strategically allocated and managed for tax sensitive investors seeking fixed income for a portion or all their portfolio. The iSectors® Tax-Wise Income Allocation invests in select municipal bond exchange-traded funds (ETFs) and laddered specific maturity date municipal bond ETFs. The allocation's average duration is less than 6 years, with an average investment grade credit rating. Two percent of the portfolio is allocated to money market instruments to provide liquidity and facilitate transactions. The iSectors® Tax-Wise Income Allocation seeks to benefit from the low investment expenses, transparency, liquidity and diversification of ETFs compared to most actively managed mutual funds.

Registered Funds

The objectives of the Registered Funds are substantially similar to those of the underlying model utilized in each Fund. Details of the objectives for the Registered Funds can be found in the respective Registered Fund's prospectus.

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. iSectors policy is to remain agnostic with respect to its relationships with the investment Platform Sponsors, investment advisers and independent custodians through which iSectors make its investment program available.

Risks

iSectors utilizes numerous asset allocation strategies which allocate assets to exchange-traded funds, 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 that 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.

Emerging Markets Risk. Some foreign markets, in which the 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 that 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 clients. 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. Exchange-traded notes are riskier than ordinary unsecured debt securities and have no principal protection. Risks of investing in the 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 that 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 that 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 portfolio, 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 that 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 that 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 that a given security or asset 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 iSectors 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 of 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 of 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.

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.

Details of specific risks for the Registered Funds can be found in the respective Registered Fund's prospectus

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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 was originally developed in 2002 by Vernon C. Sumnicht as a department of his 1988 SEC-registered investment advisory firm, Sumnicht & Associates, LLC ("Sumnicht"). In 2008, iSectors, LLC became its own registered investment adviser and still maintains an 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.

   Given the evolution of iSectors, the fact that the iSectors models were originally developed by Vernon Sumnicht at Sumnicht & Associates, LLC, and the affiliated and aligned nature of the relationship between iSectors and Sumnicht, note that Sumnicht has not undergone any major organizational or ownership changes during the past five years. Sumnicht became a registered investment adviser in 1988 and its control has always been, and continues to be, vested in Vernon Sumnicht and his wife, Debra Sumnicht.

iSectors, via its relationship to Sumnicht, is affiliated with various private investment funds sponsored by Sumnicht and/or its affiliated entities (the "Funds"). iSectors does not have arrangements with the Funds that are material to its advisory operations. iSectors does not make any of these Funds available to Platform Sponsors or investment advisers. A description of the Funds is set forth in Sumnicht & Associates' written disclosure statement, a copy of which is available upon request.

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 their independent advisers and their clients. These programs have varying fee and cost structures.

5. **InterOcean Capital, LLC.** iSectors has a licensing relationship with InterOcean Capital, LLC ("InterOcean"). InterOcean may recommend models licensed from iSectors, LLC for InterOcean's or third-party financial advisers' clients. InterOcean pays iSectors a fee for use of its intellectual property based on all designated 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. InterOcean is responsible for determining whether or not to implement the models or any portion thereof.

   Also, iSectors and InterOcean have entered into a Portfolio Services Sub-Adviser Agreement. Under this Agreement, InterOcean is entitled to a portion of fees paid to iSectors for management/portfolio allocation services in direct connection with iSectors' services to specified platforms. This includes the initiation of investments in securities and rebalancing portfolios.

   For additional information, see the InterOcean Form ADV Part 2 brochure.

6. **Tuttle Tactical Management, LLC.** iSectors and Tuttle Tactical Management, LLC ("Tuttle") have entered into a Portfolio Services Sub-Adviser Agreement. Under this Agreement, Tuttle is entitled to a portion of fees paid to iSectors for management/portfolio allocation services in direct connection with iSectors' services to specified platforms. This includes the initiation of investments in securities and rebalancing portfolios.

For additional information, see the Tuttle Form ADV Part 2 brochure.

7. **Licensing Agreements.** Besides the InterOcean Capital licensing relationship specified in Section G5 above, iSectors may have direct licensing relationship with other registered financial advisors (RIAs). These RIAs may recommend models licensed from iSectors, LLC 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 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 or not 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 of 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 effected 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 may buy or sell the same securities that are recommended by iSectors or securities in which clients are invested. Conflicts of interest may exist in such cases because an employee may have the ability to trade ahead and potentially receive more favorable prices. To mitigate this conflict of interest, iSectors maintains a restricted list that includes the securities that iSectors trades or contemplates trading for its clients and requires 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 for its clients.

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.

iSectors may serve as the investment adviser to Registered Funds, in which clients are solicited to invest.

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 client or prospective client 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. To the extent applicable to the models and/or transactions to be effected, iSectors has determined, where applicable, to follow Sumnicht & Associates' policies relative to the execution of securities brokerage transactions.

The custodial and trading fees charged by the independent custodians are typically assessed as a flat annual fee or are based on a percentage of assets in the models. These 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.

iSectors and InterOcean have entered into a Portfolio Services Sub-Adviser Agreement. Under this Agreement, InterOcean is entitled to a portion of fees paid to iSectors for management/portfolio allocation services in direct connection with iSectors' services to specified platforms. This includes the initiation of investments in securities and rebalancing portfolios. The securities purchased or sold are selected by iSectors, while the execution of any purchases and sales, and the timing of any trading or rebalancing, will be at the discretion of InterOcean. For additional information, see the InterOcean Form ADV Part 2 brochure.

iSectors and Tuttle have entered into a Portfolio Services Sub-Adviser Agreement. Under this Agreement, Tuttle is entitled to a portion of fees paid to iSectors for management/portfolio allocation services in direct connection with iSectors' services to specified platforms. This includes the initiation of investments in securities and rebalancing portfolios. The securities purchased or sold are selected by iSectors, while the execution of any purchases and sales, and the timing of any trading or rebalancing, will be at the discretion of Tuttle. For additional information, see the Tuttle Form ADV Part 2 brochure.

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.

For the Registered Funds, iSectors, along with third-party service providers that provide compliance, administration, and accounting support, actively monitor the Registered Funds for compliance restrictions. The Registered Funds' administrator will perform back-end or "post-trade" compliance monitoring. iSectors performs front-end or "pre-trade" compliance monitoring on an ongoing basis. Details of account review procedures for the Registered Funds can be found in the respective Registered Fund's prospectus.

K. Client Referrals and Other Compensation

iSectors compensates unaffiliated third parties who solicit clients with whom the third party believes would benefit from it's investment management services. Such arrangements comply with the requirements set forth under the Advisers Act and/or applicable law. Solicitors for iSectors would typically be limited to activities such as contacting potential Platform Sponsors, investment advisers, institutions, or retirement plans for the purpose of introducing them to and educating them about the available models and model strategies. The prospective client will be requested to acknowledge the involvement of a solicitor prior to acceptance of the account for investment management services.

iSectors requires each solicitor to provide each potential Platform Sponsor or investment adviser with iSectors' ADV Part 2 Brochure, as well as a Solicitor Disclosure Statement which complies with Rule 206 (4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any referral fee earned by a solicitor from this arrangement shall be paid solely from iSectors' license fees and/or model management fees and shall not result in any additional charge to the client.

The Registered Funds may also pay various fees to solicitors, broker-dealers and other financial intermediaries that provide distribution services related to such funds.

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 their 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.

The custodial and trading fees within the Program are typically assessed either on a flat annual fee or on a percentage of assets in the program. These fees are negotiated between the custodian and the Licensees and vary dependent upon the independent agreements between the respective custodians, Licensees and, if applicable, any affiliated broker-dealer.

In the case of the Registered Funds advised by iSectors, arrangements have been made with qualified custodians as disclosed in the relevant prospectus.

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.

Sumnicht & Associates maintains equity ownership in National Advisors Trust Company - National Advisors Trust is in the process of becoming a custodial option for Envestnet, which is one of the Platform Sponsors of iSectors models. Vernon Sumnicht owns an equity interest (<1%) in National Advisors Trust Company and, therefore, iSectors and Sumnicht & Associates cannot be considered truly independent of this custodian. Sumnicht & Associates, Vernon Sumnicht, nor any company affiliated with Sumnicht & Associates, receives any portion of the fees charged by National Advisors Trust.

M. Investment Discretion

On a general basis, iSectors is **not responsible** for and does not have any underlying client/investor contact. 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 exercises discretion over the changes in accounts assigned to its respective models. For these retirement plans, 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 a ERISA Section 3(38) fiduciary with respect to its management of its models.

With respect to the Registered Funds, iSectors', or its designee's, authority to trade securities may also be limited by certain securities, tax, and other laws that may, for example, require diversification of investments and impose other limitations. Details of these laws and limitations for the Registered Funds can be found in the respective Registered Fund's prospectus.

N. Voting Client Securities

For most clients, iSectors does not vote client proxies. The Licensee(s) maintains responsibility for voting client proxies 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 client accounts.

iSectors has been delegated the authority to vote proxies for the Registered Funds. When iSectors has discretion to vote the proxies of its clients, it will vote those proxies in the best interest of its clients and in accordance with (a) a proxy voting policy adopted by the Registered Fund (if any), or (b) if there is none, iSectors' own default proxy voting policy.

Proxy Voting Procedures as Applicable

Clients and/or their custodians will notify iSectors of annual meetings and ballots. The Chief Compliance Officer oversees the process to ensure all proxies are being properly voted and appropriate records are being retained. The Chief Compliance Officer or designee provides the ability to manage, track, reconcile and report proxy voting through electronic delivery of ballots, online voting, and recordkeeping. All proxies received are sent to the respective Chief Investment Officer. The Chief Investment Officer reviews the information and votes according to the guidelines set forth below.

Voting Guidelines

iSectors' goal is to ensure that proxies are voted in the best interest of clients and according to the value of the investment. iSectors will consider a number of factors with regard to specific proxy proposals to vote the proxies properly. iSectors may vote detrimental to a company's management recommendations if it determines that a conflict of interest exists or that such action would be in the clients' best interest. In exercising our voting discretion, we and our employees shall work to avoid any direct or indirect conflict of interest raised by such voting decision. In exercising voting discretion under iSectors' default policy, iSectors endeavors to work to avoid any direct or indirect conflict of interest raised by such voting decision and, as appropriate, provide adequate disclosure to the applicable client if any substantive aspect or foreseeable result of the subject matter to be voted upon raises an actual or potential conflict of interest to us.

In cases where iSectors believes there is a potential material conflict, we generally do not vote securities where the economic value of the securities in question in a client's account is less than $10,000. Further, when casting a vote, which simply follows iSectors' pre-determined policy, would eliminate our discretion on the particular issue and hence avoid the conflict, our general policy is to vote in accordance with pre-determined policy. In other cases, where the matter presents a potential material conflict or is of such a nature that iSectors believes more active involvement is necessary, iSectors may: (a) vote on the decision as instructed by the applicable client or client representative (i.e. a fund board committee or representative thereof), or (b) abstain from voting if (i) the client's economic interest in the security is indeterminable or insignificant, (ii) if after doing a cost-benefit analysis, the cost of voting a client's proxy would exceed any anticipated benefits of the proxy proposal, or (iii) the client instructs us not to vote the security or does not clearly instruct us how to vote the security, or (c) employ the services of a "Proxy Firm," independent of iSectors and those parties involved in the proxy issue, to determine the appropriate vote.

In certain situations, iSectors' Investment Committee may determine that the employment of a Proxy Firm is unfeasible, impractical or unnecessary. In such situations, the Investment Committee shall make a decision about the voting of the proxy. The basis for the voting decision, including the basis for the determination that the decision is in the best interests of iSectors' clients, shall be formalized in writing.

Consistent with SEC Rule 206(4)-6, we will keep certain records required by applicable law in connection with its proxy voting activities for clients and shall provide proxy voting information to clients upon their written request directed to iSectors. A copy of our proxy-voting policies and procedures are available to clients or prospective clients upon request, by contacting iSectors at the address listed on the first page of this brochure.

O. Financial Information

No disclosure necessary.