Form ADV Part 2A Brochure

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This brochure provides information about the qualifications and business practices of Arax Advisory Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 646-777-1823 or via email at: compliance@araxadvisorypartners.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Arax Advisory Partners, LLC is a registered investment adviser with the SEC. Being a "registered investment adviser" or describing ourselves as being "registered" does not imply a certain level of skill or training.

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

Item 2 – Summary of Material Changes

This Brochure has been updated to reflect corporate reorganizations involving U.S. Capital Wealth Advisors, LLC ("USCWA"), Transcend Capital Advisors, LLC ("Transcend"), and Arax Advisory Partners, LLC ("Arax" or "AAP"), and to describe AAP's affiliation with Air Capital Partners (Bahamas) Limited ("Air Cap"). This Summary describes the material changes since the last annual update on February 25, 2026, including the merger of USCWA into Arax effective June 22, 2026, the acquisition and merger of Transcend into Arax effective July 31, 2026, and the affiliation with Air Cap described below.

Merger of Affiliated Investment Advisers

Effective **June 22, 2026**, USCWA merged into Arax as an internal consolidation of affiliated investment advisers under common control. Arax Advisory Partners, LLC is the surviving SEC-registered investment adviser. USCWA no longer operates as a separate registered investment adviser; however, the business may continue to hold itself out as "U.S. Capital Wealth Advisors" and/or "U.S. Capital Wealth" for a period of time pursuant to a doing-business-as filing by Arax. All advisory services previously provided through USCWA are now provided by Arax. The investment and advisory personnel who previously provided services through USCWA are expected to continue providing substantially similar services through Arax, subject to Arax's compliance program, supervisory structure, and investment oversight.

Acquisition and Merger of Transcend Capital Advisors, LLC

Effective **July 31, 2026**, Transcend was acquired by and merged into Arax. Arax Advisory Partners, LLC is the surviving SEC-registered investment adviser. Transcend no longer operates as a separate registered investment adviser; however, the business may continue to hold itself out as "Transcend Capital Advisors" for a period of time pursuant to a doing-business-as filing by Arax. All advisory services previously provided through Transcend, including services provided through the Transcend Wrap Fee Program and portfolio management services to private funds, are now provided by Arax.
The investment personnel who previously provided services through Transcend are expected to continue providing substantially similar services through Arax, subject to Arax's compliance program, supervisory structure, and investment oversight, including oversight by the Arax Investment Committee where applicable.

Affiliation with Air Capital Partners (Bahamas) Limited

Air Capital Partners (Bahamas) Limited ("Air Cap") is an affiliate of Arax under common control. Air Cap is registered with the Securities Commission of The Bahamas, effective December 23, 2025, and provides services to clients in The Bahamas. Air Cap is not registered with the U.S. Securities and Exchange Commission, and it is not merging with or into Arax. Air Cap remains a separate legal entity and a separate firm.
As of the date of this Brochure, Air Cap has no clients and no assets under management. Clients of Air Cap are clients of Air Cap and are not clients of Arax. Arax does not provide investment advisory services to Air Cap's clients, and the assets of Air Cap's clients are not included in Arax's regulatory assets under management.
Arax employs personnel located in The Bahamas who provide advisory, compliance, and client service and operations support to Arax and its clients. One Arax Financial Advisor located in The Bahamas also serves as an officer of Air Cap and, in that separate capacity, provides services to Air Cap's clients. This arrangement creates conflicts of interest relating to the allocation of that individual's time, the allocation of investment opportunities, and the sequencing of transactions. These conflicts and the manner in which Arax addresses them are described in Item 10 – Other Financial Industry Activities and Affiliations and Item 12 – Brokerage Practices.

Impact on Clients

The following summarizes the impact on clients of the merger of USCWA into Arax effective **June 22, 2026**, and the acquisition and merger of Transcend into Arax effective **July 31, 2026**:

- **Advisory Relationships:** Clients previously served by USCWA or Transcend transitioned to Arax as their investment adviser as of the applicable merger date.

- **Services:** Arax continues to provide substantially similar advisory services. Certain service offerings and operational, supervisory, reporting, technology, and billing processes may be integrated or enhanced over time. Any material change affecting a client will be implemented in accordance with the applicable advisory agreement and any required notice or consent provisions (**see Item 4 – Advisory Business**).

- **Fees and Billing:** The mergers did not, by themselves, result in material changes to client fees. Applicable fee schedules and billing practices generally continue under each client's advisory agreement unless the client is separately notified of a change (**see Item 5 – Fees and Compensation**).

- **Client Agreements and Consent:** USCWA client advisory agreements remained in place because the USCWA merger did not constitute a change of control requiring client consent, and clients were notified of the merger. Where the Transcend transaction resulted in an assignment of a client advisory agreement, client consent was obtained using the positive- or negative-consent process specified in the applicable agreement and in accordance with the Investment Advisers Act of 1940.

- **Personnel:** Clients generally continue to be served by their primary Financial Advisors and substantially the same investment, portfolio-management, trading, client-service, and operations personnel, subject to Arax's compliance program, supervisory structure, and investment oversight. Certain roles and reporting lines may have been updated.

- **Custody and Brokerage:** Client custodial and brokerage accounts generally remain with the same qualified custodians, and account numbers are not expected to change solely as a result of either merger. Any later changes will be communicated and implemented in accordance with applicable agreements and regulatory requirements.

The affiliation with Air Cap does not result in any change to client advisory relationships, services, fees, advisory agreements, custodians, or account numbers, and does not result in the assignment of any client advisory agreement

Ownership and Control

The mergers resulted in USCWA and Transcend being combined into Arax Advisory Partners, LLC. Arax is the surviving legal entity and the single SEC-registered investment adviser through which all investment advisory services previously provided by USCWA and Transcend are now offered. USCWA and Transcend no longer operate as separate registered investment advisers; however, their respective legacy businesses will continue to operate as divisions of Arax under approved doing-business-as ("DBA") names, including "U.S. Capital Wealth Advisors" and/or "U.S. Capital Wealth" for the former USCWA business and "Transcend Capital Advisors" for the former Transcend business. The use of these DBA names does not create separate legal entities or investment advisers, and all advisory agreements, services, supervision, and regulatory responsibilities are attributable to Arax. Updated information regarding Arax's ownership and control is provided in **(see Item 10 – Other Financial Industry Activities and Affiliations).**

Conflicts of Interest and Affiliations

As a result of the consolidation:

- Certain affiliate relationships have been streamlined or consolidated under Arax.
- Potential conflicts of interest associated with these affiliations are described in **Item 10 – Other Financial Industry Activities and Affiliations**.

Clients should review Item 10 for updated disclosures regarding affiliates and related conflicts of interest.

Operational and Administrative Changes

The merger resulted in certain operational changes, including:

- Updates to custodial arrangements and service providers will move USCWA clients to the Arax relationships. Your custodian/brokerage accounts will remain the same and there will be no changes to client account numbers.
- Integration of systems, processes, and supervisory structures.

Additional details are provided throughout this Brochure, including in Items 4, 5, and 12.

Where to Find More Information

This Summary highlights key changes resulting from the merger. Clients are encouraged to review the following sections of this Brochure for additional detail:

- **Item 4 – Advisory Business**
- **Item 5 – Fees and Compensation**
- **Item 10 – Other Financial Industry Activities and Affiliations**
- **Item 12 – Brokerage Practices**

Additional Information

If you have any questions regarding these changes or how they affect your advisory relationship, please contact your Financial Advisor.

Item 3. Table of Contents

Item 4. Advisory Business

Arax Advisory Partners, LLC (referred to as "AAP," "we," "us," "our," or "the Firm") is an investment adviser registered with the U.S. Securities and Exchange Commission. We, along with our predecessor, have operated as an investment adviser since September 2004.

Arax Advisory Partners, LLC ("AAP") is a Delaware limited liability company. AAP is directly owned by Arax Wealth, LLC. AAP's principal office is located at 10 East 53rd Street, 14th Floor, New York, New York 10022. Arax Wealth, LLC is part of the broader Arax enterprise, which includes affiliated financial services entities such as USCA Securities, LLC, Air Capital Partners (Bahamas) Limited, and other affiliated businesses under common ownership or control. Additional information regarding AAP's ownership, related persons, affiliates, and other entities connected through AAP control persons is provided in Item 10.

Air Capital Partners (Bahamas) Limited, an affiliate of AAP under common control, is registered with the Securities Commission of The Bahamas and provides services to clients in The Bahamas. Air Capital Partners (Bahamas) Limited is a separate firm, its clients are not clients of AAP, and its clients' assets are not included in AAP's regulatory assets under management reported below. See Item 10 – Other Financial Industry Activities and Affiliations.

AAP offers a broad range of wealth management services to individuals, including high-net-worth individuals, family offices, institutions, and businesses. These services include discretionary and non-discretionary account management, financial planning, and general advisory or consulting services. As a registered investment adviser, AAP is a fiduciary and is required to act in the best interest of its clients at all times.

While this brochure generally describes the business of AAP, certain sections also discuss the activities of its Supervised Persons, which refers to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees, or other persons who provide investment advice subject to the Firm's supervision or control.

Financial Advisor is utilized as a term throughout this brochure and is intended to refer to investment adviser representatives of AAP who operate on a fiduciary basis for their clients. Hybrid Financial Advisors is utilized as a term throughout this brochure to reference Financial Advisors who are also registered representatives of affiliated broker-dealer USCA Securities and operate primarily on a fiduciary basis with AAP but also operate on a brokerage basis with USCA Securities or, at times, with both.

General Description of Primary Advisory Services

The following are brief descriptions of our primary services. A detailed description of our services is provided in Item 5 so that clients and prospective clients can review the services and description of fees in a side-by-side manner.

Financial Planning

AAP provides financial planning services which offer clients an opportunity to develop a customized financial plan designed to illustrate their overall financial situation. It is primarily offered by AAP Financial Advisors who have earned and maintain the Certified Financial Planner (CFP®) certification. Financial planning services do not involve active management of client accounts and instead focus on a client's overall financial situation.

Asset Management

Asset management services begin with an AAP Financial Advisor evaluating and assessing the client's investment positions and recommending investments based on the client's investment objectives, risk tolerance, and financial circumstances. The AAP Financial Advisor or advisory team will be responsible for the investment and reinvestment of assets, building and maintaining client portfolios, and executing investment strategies designed to help meet the client's investment objectives and risk tolerance. AAP generally manages client investments on a discretionary basis, although some AAP Financial Advisors and advisory teams offer non-discretionary investment management. In non-discretionary arrangements, AAP provides investment recommendations, but clients make the ultimate decision regarding the purchase or sale of investments.

Use of Independent and Separate Account Investment Managers

AAP offers advisory services by referring clients to outside, unaffiliated investment managers to conduct active discretionary management of client assets or accounts in accordance with client's investment objectives and risk tolerance. External managers will be granted a limited power-of-attorney and trading authority over those assets directed to them for management, and they will be authorized to, without client's consent, buy, sell and trade in securities in the account. AAP will render services to clients relative to the supervision of the external managers and ongoing monitoring of account performance, asset allocation, and investment objectives. The client continues to maintain direct ownership of securities in portfolios managed by external managers.

General Advisory Services

In conjunction with discretionary or non-discretionary accounts, which can be wholly independent of AAP or maintained at AAP, AAP will provide other types of advisory services to the client, which can include investment policy advice and assistance, development of asset allocation strategies, manager selection and evaluation, or review of outside accounts to assist with adherence to investment policy guidelines and providing consolidated reporting.

Wrap Fee Programs

Beginning July 31, 2026, following the acquisition and merger of Transcend Capital Advisors, LLC, AAP became the sponsor of the Transcend Wrap Fee Program (the "AAP Wrap Fee Program"). Under the AAP Wrap Fee Program, clients generally pay one asset-based program fee for investment advisory services and certain covered brokerage, custody, and transaction-related services. In AAP's traditional asset-management arrangements, advisory services are charged separately and clients generally pay applicable brokerage, custody, and transaction costs in addition to AAP's advisory fee. AAP generally manages wrap and non-wrap accounts using substantially similar investment processes; the principal difference is how covered services and transaction costs are paid. Additional information about the AAP Wrap Fee Program, including its services, fees, conflicts, and risks, is provided in AAP's Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure.

Reporting Services

AAP offers a consolidated reporting service primarily to high-net-worth individuals who are not currently an AAP advisory client. Through this service, AAP provides asset and other financial reporting services delivered through a client portal. AAP utilizes third-party reporting software for this service, which develops reports based on client needs and specifications.

Private Placements and Alternative Investments

In addition to traditional investment vehicles, AAP also invests client assets using alternative investments and structured notes, some of which are held away from the Firm's primary custodians. AAP considers a variety of third-party alternative investment platforms such as, for example, the Capital Integration Systems, LLC (CAIS), iCapital, and Conway platforms, but also considers direct investments with private hedge funds, private equity or debt funds. AAP also considers other managers providing structured solutions.

Private Fund Advisor Services

AAP also provides portfolio management services to pooled investment vehicles (each a "Fund" and collectively the "Funds"). These services are detailed in the offering documents for each Fund, which include as applicable, operating agreements, private placement memoranda and/or term sheets, limited partnership agreements, separate disclosure documents, and all amendments thereto ("Offering Documents"). Affiliates of AAP serve as the General Partners of the Funds (the "General Partners"). Each of the General Partners is a related person of AAP and is under common control with AAP. Please refer to Item 10 for additional information about the General Partners.

AAP manages each Fund based on the investment objectives, policies and guidelines set forth in the respective Offering Documents and not in accordance with the individual needs or objectives of any particular investor therein. Each prospective investor interested in investing in a Fund is required to complete a subscription agreement in which the prospective investor attests as to whether or not such prospective investor meets the qualifications to invest in the Fund and further acknowledges and accepts the various risk factors associated with such an investment.

For more detailed information on investment objectives, policies, and guidelines, please refer to the respective Fund's Offering Documents.

Management of Held-Away Assets via Pontera

AAP uses a third-party platform, Pontera, to facilitate management of held away assets, such as 401(k) plan participation accounts, with discretion. Pontera provides AAP Financial Advisors with their own log-in credentials, pursuant to request and authorization to AAP client(s), of which AAP clients, through their own log-in credentials, will connect their held-away account(s) to the Pontera platform. AAP Financial Advisors are provided with view-only and trading access to provide advice and manage the assets. AAP Financial Advisors do not have the authority to withdraw assets or make changes to AAP's client's profile, like address changes.

Advisory Services Customized to Individual Needs of Clients

AAP provides services based on the individual needs of each client. The Firm's Financial Advisor will work with the client to obtain information regarding the client's financial circumstances, investment objectives, overall financial condition, income and tax status, personal and business assets, risk profile, and other information regarding financial and investment needs. For the Firm to provide effective advisory services, it is important that clients provide accurate and complete information and to update the Firm if their information changes, especially when there is any change in circumstances, objectives or risk tolerance. We will contact each client at least annually (either in person or remotely) to review their financial circumstances, though most AAP Financial Advisors will have more frequent and regular client contact. Clients are permitted to impose reasonable restrictions on investing in certain securities or types of securities in their advisory accounts provided AAP determines that the conditions would not materially impact performance of a management strategy or prove overly burdensome for AAP management efforts. Note that it is often not possible to accommodate restrictions when utilizing ETFs, mutual funds, or with respect to certain third-party products or services.

Retirement Plan Consulting

Our Firm provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include investment options, plan structure and participant education. Retirement Plan Consulting services typically include:

- Establishing an Investment Policy Statement – Our Firm will assist in the development of a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- Investment Options – Our Firm will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – Our Firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Investment Monitoring – Our Firm will monitor the performance of the investments and notify the client in the event of over/underperformance and in times of market volatility.

In providing services for retirement plan consulting, our Firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, "Excluded Assets"). All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and our Firm accepts appointment to provide services to such accounts, our Firm acknowledges its fiduciary standard within the meaning of Section 3(21) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein

Regulatory Assets Under Management (RAUM)

The regulatory assets under management presented below combine AAP data as of May 31, 2026 with Transcend data as of June 30, 2026. After giving effect to the acquisition and merger of Transcend into AAP, the combined firms managed approximately $23,831,173,811 in discretionary regulatory assets under management and approximately $2,693,799,396 in non-discretionary regulatory assets under management, for total regulatory assets under management of approximately $26,524,973,207. Because the component amounts were measured as of different dates, the combined figures are presented for informational purposes and do not represent assets measured for both firms as of a single date.

Separately, AAP participates in wrap fee programs sponsored by unaffiliated investment advisers. In those programs, AAP acts as a model or signal provider by supplying a model portfolio or investment recommendations to the program sponsor. The sponsor, not AAP, determines whether, when, and how to implement AAP's recommendations, may modify or decline a recommendation, and arranges and effects transactions for participating accounts. AAP generally does not have discretionary authority over, place trades for, or maintain direct advisory relationships with the underlying program clients

solely by reason of providing the model or signals. Implementation timing and account holdings may differ from the model because of sponsor decisions, trading restrictions, cash flows, account size, client-imposed restrictions, tax considerations, available securities, operational constraints, or other factors. Trading delays, partial implementation, substitutions, or other deviations can cause an underlying account's performance to differ materially from the performance of the model, from other accounts using the same model, or from performance information presented by AAP. AAP may not receive complete or current information about each underlying client's financial circumstances, investment objectives, risk tolerance, tax situation, liquidity needs, or account restrictions and therefore generally relies on the program sponsor to determine whether the model is appropriate for each participating client and to monitor continued suitability.
AAP generally receives an asset-based fee for providing model or signal services. This arrangement creates a conflict of interest because AAP has an incentive to retain or expand sponsor relationships and increase the assets associated with its models, including by recommending models that may be easier for a sponsor to implement or retain. AAP addresses this conflict through disclosure, contractual and supervisory controls, periodic review of its model-provider relationships, and its obligation to provide services consistent with the applicable mandate. Assets associated with this service are treated as Assets Under Advisement (AUA) and are not included in the Regulatory Assets Under Management (RAUM) presented above.

Item 5. Fees and Compensation

AAP primarily receives asset-based advisory fees calculated as a percentage of assets under management or assets under advisement. AAP also charges fixed or hourly fees for certain financial planning, consulting, and other services, as described below.

How We Are Compensated

AAP provides investment management services for an annual fee ("management fee") based on the amount of assets under AAP's management. The fee varies depending upon the size of a client's portfolio and the type of services rendered. Rates vary depending on the size and complexity of a client's account and generally range from 0.50% to 3.00% per year for assets under management and can be lower than the range presented for certain assets under advisement (for example model portfolio delivery). AAP generally calculates advisory fees based on all assets (including cash and cash equivalents) held in the account unless otherwise agreed in writing. Employees of the Firm may be charged reduced or no advisory fees.

Fee Payment Process

All assets in the account are included in the fee assessment unless specifically excluded in writing. Management fees are generally billed quarterly, either in advance or in arrears, depending on the terms of the client's Investment Advisory Agreement. Certain legacy clients are currently billed monthly under their existing agreements. AAP may seek to transition some or all of these clients to quarterly billing in advance. No change in billing frequency or timing will become effective unless implemented in accordance with the applicable agreement and any required notice or consent provisions. If a transition occurs, AAP will prorate or otherwise reconcile fees for the affected period as necessary to avoid charging twice for the same period and to ensure that any unearned prepaid fee is credited or refunded as required. The methodology used to calculate fees is described in each client's agreement and is generally based on either the average daily balance during the billing period or the ending market value of the account for the quarter. Fees are generally prorated for accounts opened or terminated during a billing period.

For accounts that are billed in advance, advisory fees for the initial partial quarter are typically billed in arrears on a prorated basis from the date the account is funded. For accounts held at NFS through USCA Securities and certain accounts at Schwab and Fidelity, if a client deposits or withdraws assets (cash and/or securities) with a market value of one hundred-thousand dollars ($100,000) or more in an account on any given day after the inception of a calendar quarter any additional amount will become subject to additional fees, while any redeemed amount will result in a refund of fees. If you have any questions about whether this applies to your account, please reach out to your Financial Advisor for more information. In addition, AAP will make other fee adjustments at the end of any calendar quarter to reflect additions to, or withdrawals from an account, depending on the terms of the advisory agreement associated with each account. Any such adjustments will be made on a pro rata basis during the calendar quarter for which the adjustment is made.

Termination of the Advisory Agreement

The Investment Advisory Agreement may be terminated at any time by either party upon written notice.

- For accounts billed in advance: Clients will receive a refund of any unearned advisory fees upon termination.
- For accounts billed in arrears: Clients remain responsible for payment of any earned but unpaid fees through the termination date.

Certain legacy clients may have fee schedules or billing arrangements that differ from those described above.

Use of Margin

Clients may authorize AAP to use margin in the management of their investment portfolio. In such cases, advisory fees are generally calculated based on the net account value, defined as the total account value minus any margin debt, plus cash balances, unless otherwise specified in the client's Investment Advisory Agreement.

Other Types of Fees and Expenses

In addition to the advisory fees paid to AAP, clients will also incur certain charges imposed by other third parties, such as broker-dealers, qualified custodians, fund managers, trust companies, banks, and other financial institutions (collectively, "Financial Institutions"). Clients will be charged ticket or transaction charges and other administrative and service fees based on the activity in their accounts. Such administrative and service fees include account-related fees such as annual custody fees, mutual fund and ETF expenses, wire fees, IRA maintenance and termination fees, transfer of account fees, mailgram fees, reorganization fees, service fees, direct registration system ("DRS") and certificate related fees, legal transfer and return fees, fees related to ACH, debit, and checking features, stop payment and bounced checks, and trade extension fees.

Additionally, if external managers are utilized, clients will typically incur additional fees. The method for calculating those fees, including whether they are paid in advance or arrears, what value they are based on, and how they are paid, will be disclosed separately in relevant agreements, offering documents or the Form ADV Part 2A of the external manager (if applicable). As a result, clients may pay multiple layers of fees, including advisory fees charged by AAP as well as fees and expenses charged by underlying investment products and third-party service providers.

Clients are encouraged to read such disclosure documents, prospectuses, offering documents and agreements carefully to fully understand the fees and expenses associated with their investments. The Firm's brokerage practices are described at length in Item 12, below.

Clients will also be responsible for the following investment-related costs, as applicable: (i) brokerage commissions, mark-ups or mark-downs and other transaction-related costs; (ii) odd lot differentials and exchange fees, (iii) costs relating to trading in certain foreign securities; and (iv) the internal charges and fees that can be imposed by any collective or pooled investment vehicle, such as mutual funds and closed-end funds, unit investment trusts, exchange-traded funds or real estate investment trusts. Additionally, clients will pay any transfer taxes, ADR processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law.

In addition to the costs noted above, clients might incur brokerage commissions or other charges, including contingent deferred sales charges ("CDSC"), imposed upon the liquidation of "in-kind assets" that are transferred to a managed account program and liquidated. Note that if the liquidation of in-kind assets occurs in a fee-based account then AAP will not receive any additional compensation in connection with such transactions. If the liquidation occurs in a brokerage account at USCA Securities, then USCA Securities and the client's Hybrid Financial Advisor will generally receive compensation. This compensation creates an incentive for Hybrid Financial Advisors to recommend transactions that generate additional compensation, which creates a conflict of interest. AAP addresses this conflict by ensuring that all recommendations are in the client's best interests. Clients should be aware that if they transfer in-kind assets into a managed program, the assets often will be liquidated immediately or at a future point in time which can incur a charge such as a CDSC. Details regarding CDSC or other changes are disclosed in the applicable investment prospectus or offering documents or can be provided by your AAP Hybrid Financial Advisor or an AAP supervisor. Clients can also be subject to taxes upon the liquidation of such assets. Clients should consult with their legal adviser and tax consultant before transferring in-kind assets into a managed account program. Clients have the option to purchase investment products AAP recommends through other brokers or agents not affiliated with AAP.

Clients with USCA Securities who clear through NFS who do not sign up for electronic delivery of statements will be charged an additional fee of $50 annually ($12.50 per quarter) to offset the charges assessed by the custodian for mailings including confirmation and statements.

Alternative investments involve additional fees and charges. If the Firm's primary custodians agree to hold such investments, clients will generally pay them registration, review, custody and valuation fees. Other fees and charges applicable to alternative investments, including early withdrawal fees, are disclosed in the applicable offering documents.

Fee Debit

Clients generally provide AAP with the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The financial institutions that act as qualified custodians for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to AAP. In certain circumstances, clients can elect to receive invoices directly rather than authorize fee deduction.

Account Additions and Withdrawals

Clients are permitted to make additions to, and withdrawals from, their account at any time. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept certain securities into a client's account. Clients can also withdraw account assets on notice to AAP, subject to the usual and customary securities settlement procedures. Further, certain assets have limited liquidity and the ability to withdraw will be subject to the underlying assets liquidity terms and availability. AAP designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client's investment objectives. AAP will consult with its clients about the options and implications when transferring securities. Clients are advised that when transferred securities are liquidated, they sometimes pay transaction fees and/or mutual fund fees. In addition, transfer of securities sometimes has tax ramifications for the client. Please consult with your tax advisor on these issues.

Sales Charges, Service Fees and Other Firm Compensation

Mutual Funds

Mutual fund companies often pay out revenue in the form of 12b-1 and other service fees to firms that market and sell fund shares. These fees are outlined in each fund's prospectus. These fees come from fund assets, and therefore, indirectly from client assets. Many mutual funds offer share classes with no or low 12b-1 fees for eligible investors that are less expensive than 12b-1 fee paying shares. Clients typically earn less on funds that pay 12b-1 fees. AAP's policies require its Financial Advisors to select or recommend the share class that is in the best interest of the client.

In some cases, AAP Hybrid Financial Advisors select or recommend to their advisory clients share classes of mutual funds that pay affiliated broker-dealer USCA Securities 12b-1 and other asset fees. A conflict of interest exists when an AAP Hybrid Financial Advisor recommends shares that pay 12b-1 or other service fees to USCA Securities. To mitigate this conflict, AAP rebates 100% of the mutual fund 12b-1 fees and other service fees that USCA Securities receives from mutual funds purchased or held in advisory accounts to clients. Such rebates are typically applied as a credit to the client's account on a periodic basis.

Private Placements

If a private placement is purchased through USCA Securities, clients typically pay an upfront placement fee. A portion of this fee is shared with the client's Hybrid Financial Advisor, creating a conflict of interest. To mitigate the potential for duplicative fees, AAP generally excludes the value of such investments from its advisory fee for a minimum period of twelve (12) months following the investment. If no placement fee is charged, or if the placement fee is not shared with the Hybrid Financial Advisor, AAP will typically include the investment in the advisory fee calculation

For investments with liquidity constraints, fees will be withdrawn from another AAP account or invoiced, as selected by the client. In some cases, AAP, and its affiliates and Hybrid Financial Advisors receive other compensation from private placement issuers. The details of any fee sharing arrangement both between the Firm and the issuer and the Firm and the client's AAP Hybrid Financial Advisor, will be disclosed to the client in the Alternative Investment Contract ("AIC form") or other relevant documents.

Insurance

Certain AAP Financial Advisors are also licensed insurance professionals and conduct insurance business through affiliated entities, including AAP Insurance Agency, LLC for fixed insurance and USCA Securities for variable insurance; through related entities, such as Arax Wealth Insurance Agency, LLC; or through third parties. These persons earn commission-based compensation for selling insurance products to clients or non-clients. When insurance is sold through AAP Insurance Agency, USCA Securities, or Robin Glen, those entities also receive compensation. Insurance commissions earned by Financial Advisors and by AAP-affiliated or related entities are separate from and in addition to AAP's advisory fee. This practice creates a conflict of interest because a Financial Advisor who is an insurance professional has an incentive to recommend insurance products that generate commissions. AAP addresses this conflict by requiring recommendations to be made in the client's best interest and by maintaining supervisory procedures, periodic reviews, and disclosure of compensation arrangements. Clients are under no obligation to purchase insurance products through any person affiliated with or related to AAP or USCA Securities.

To provide, process, supervise, and service variable annuity and variable life insurance products, AAP shares relevant client information with its affiliated broker-dealer, USCA Securities. Depending on the product and service requested, this information can include client identification and contact information, financial and investment profile information, suitability and best-interest information, insurance application and underwriting information, policy or contract information, beneficiary information, transaction history, and information concerning exchanges, replacements, surrenders, distributions, and ongoing servicing. USCA Securities uses this information to perform brokerage, supervisory, compliance, transaction-processing, recordkeeping, compensation-administration, and policy or contract servicing functions related to variable annuities and variable life insurance. AAP and its affiliates limit the use and disclosure of client information as described in AAP's Privacy Notice and as otherwise permitted or required by law.
For more information about how AAP collects, uses, protects, and shares clients' nonpublic personal information, including information shared with affiliated broker-dealers and other service providers, please review AAP's Privacy Notice, which is available on AAP's website at www.araxadvisorypartners.com.

Where variable insurance products are held in advisory accounts and no commission is received, AAP may charge an advisory fee for ongoing asset management. This fee is in addition to the fees and expenses associated with the insurance product.

Private Fund Advisor Services

AAP's compensation varies between the Funds it manages, including legacy Transcend private funds that are now advised by AAP. AAP typically charges each Fund a management fee based on the investor's status at the time of subscription and calculated on capital contributions invested or the NAV capital account balance of each Fund's investors, pursuant to the Fund's Offering Documents. The management fee is generally calculated and payable quarterly, subject to offsets, reductions, or other terms described in the applicable Fund Agreement or Offering Documents.

Management fees are payable quarterly in advance pursuant to the terms of the Fund's Offering Documents. The management fee will be prorated for partial quarters. For more detailed information on the fee methodology, please refer to the respective Fund's offering documents.

Certain AAP Hybrid Financial Advisors who are also registered representatives of affiliated broker-dealer USCA Securities could receive a portion of performance-based compensation from funds that were sold by USCA Securities. Please see Item 6 – Performance Based Fees and Side-by-Side Management for additional information. For more detailed information on the fees and compensation received by AAP and its affiliates, please refer to the respective fund's Offering Documents. These payments create a conflict of interest, as the Financial Advisor has an incentive to recommend investments that generate such compensation.

The Funds will incur certain fees or charges imposed by third parties, in connection with investments made on behalf of the Funds. The Funds bear their own operating expenses, which may include organizational, legal, due diligence, marketing, accounting, and administrative costs. These expenses are described in detail in the applicable Offering Documents.

Advisory Fees Negotiable

AAP, in its sole discretion, reserves the right to negotiate fees based upon certain criteria including, but not limited to, anticipated future earning capacity and additional assets, the dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationships, account retention, and pro bono activities.

SIMC Program Fees

Clients invested in the Managed Accounts Program and the GoalLink Program developed by SEI Investments Management Corporation ("SIMC"), are required to custody accounts with SEI Trust Company. Portfolio management fees for assets custodied at SEI Trust Company are billed quarterly, in arrears, and are based on the value of your portfolio at the end of the preceding quarter. SEI Trust Company, the custodian holding client accounts, calculates and deducts advisory fees through the authority granted by the Client in the account opening agreement with SEI Trust Company and forwards such fees to us. We do not participate in the advisory fee calculation and deduction process. SEI Trust Company sends an account statement to all Clients on at least a quarterly basis. This statement will detail all account activity. Clients are encouraged to review their account statements to verify the accuracy of all information.

Stand-alone Financial Planning and Consulting Services Fees

Financial planning and consulting service clients are generally charged on a fixed-fee per project basis or on an hourly fee basis. Fixed fees range from $10,000 to $200,000 and hourly rate ranges from $195 to $425 per hour. The fee is negotiated directly with the client based on the size and scope of the relationship. For certain high net worth clients with substantial assets under management, the financial planning fees are included in the asset-based management fees charged to the client.

Fees can be waived in whole or in part by the Firm at its sole discretion. Financial Planning services may be terminated upon five (5) days advance written notice by either party to the other. Any fee due will be prorated to the date of termination.

The fees described above can change based on special situations such as an expansion of a project, increase in the number of reviews, more specialized needs of the client, more complex planning, or more detailed planning. No fee increase will take effect without the prior written notice to, and where required, consent from the client.

Fees do not include product transaction commissions or the fees for third party professional services, e.g., investment managers, attorneys, accountants, or other third parties.

From time to time, various attorneys retain principals of our Firm to serve as an expert witness in insurance and investment lawsuits and arbitrations. A minimum fee of $300 per hour is charged for expert witness services.

Held Away Assets

The advisory fee payable for any held away assets, as defined in item 4 will be deducted directly from another Client account. If there are insufficient funds available in another Client account or we believe that deducting the advisory fee from another Client account would be prohibited by applicable law, we will invoice the Client, unless other billing arrangements are made.

The fee-paying arrangements for Held Away Accounts will be determined on a case-by-case basis and will be detailed in the signed advisory agreement. The client is assessed a fee per the agreement the client signs with the third party recordkeeper.

From time to time, the Firm recommends partnership interests in closed-end private equity funds. For a subset of clients to whom carried interest applies, investors generally pay a 10% profit participation after a return of contributed capital and a preferred return. These fund investors will also incur an operations fee related to fund expenses. Additional information regarding fees can be found in each fund's private placement memorandum & Limited Partnership Agreement.

IRA Rollover Considerations

As a normal extension of financial advice, we provide education or recommendations related to the rollover of an employer-sponsored retirement plan. A plan participant leaving employment has several options. Each choice offers advantages and disadvantages, depending on desired investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and the investor's unique financial needs and retirement plans. Due to the complexity of these choices, investors are encouraged to seek assistance from us if needed.

A Financial Advisor who recommends an investor roll over plan assets into an Individual Retirement Account ("IRA") often earns an asset-based fee as a result, but no compensation if assets are retained in the plan. Thus, we have an economic incentive to encourage an investor to roll plan assets into an IRA. In most cases, fees and expenses will increase to the investor as a result because the above-described fees will apply to assets rolled over to an IRA and outlined ongoing services will be extended to these assets.

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We must act in your best interests and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

Item 6. Performance-Based Fees and Side-by-Side Management

For a subset of clients, AAP receives a performance-based fee on a share of capital gains or capital appreciation from certain clients who are Accredited Investors and/or Qualified Purchasers with investments in alternative investments such as private investment limited partnerships, limited liability companies, off-shore corporations, or other similar entities, such as hedge funds, private equity funds, venture capital funds, real estate funds, and similar private investment structures.

Certain AAP Hybrid Financial Advisors who are also registered representatives of affiliated broker-dealer USCA Securities receive a portion of performance-based compensation from funds that were sold by USCA Securities. Further, in certain limited cases associated with our private funds, the General Partners of the funds will be entitled to receive performance-based compensation in the form of carried interest. This creates a conflict of interest, as the Financial Advisor has an incentive to recommend investments that generate such compensation. For more detailed information on the carried interest received by AAP affiliates, please refer to the respective Fund's offering documents.

Since AAP manages a subset of client accounts that are charged an asset-based or fixed fee side-by-side with accounts that are charged a performance-based fee, this creates a conflict of interest. We can potentially receive higher fees from accounts with a performance-based compensation structure than from those accounts that pay an asset-based or fixed fee as described above in Item 5: Fees and Compensation. This could create an incentive for AAP or its Supervised Persons to favor accounts that pay performance-based fees over accounts that pay asset-based, fixed, or hourly fees because performance-fee accounts often generate higher compensation. For example, AAP could have an incentive to allocate more favorable investment opportunities, devote additional time or resources, or take greater investment risks in accounts that generate performance-based compensation. Notwithstanding this potential conflict, AAP will only make investment decisions for clients in good faith, and in a manner that is consistent with our fiduciary obligations to our clients, without regard to the benefits (including compensation) to us.

AAP seeks to address potential conflicts of interest through compliance policies and procedures, including trade-allocation policies, supervisory oversight, and periodic reviews designed to ensure that investment opportunities are allocated fairly over time, that no client or group of clients is systematically favored, and that all client accounts are managed consistently with their investment objectives and AAP's fiduciary obligations.

Item 7. Types of Clients

The Firm offers investment advisory services to individuals, high net-worth individuals, family offices, trusts, estates, charitable organizations, business entities, and retirement/profit-sharing plans. AAP generally requires a minimum initial account size of $50,000 for advisory accounts, although the Firm can waive or reduce this minimum in its sole discretion.

When AAP provides investment advice to clients regarding their retirement plan accounts or individual retirement accounts, AAP acts as a fiduciary under applicable provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") and/or the Internal Revenue Code, as applicable.

AAP also offers portfolio management services to certain pooled investment vehicles and private funds, including legacy Transcend private funds. Investors in these funds are generally accredited investors, qualified clients, qualified purchasers, family offices, trusts, estates, corporations, or other entities that meet applicable eligibility requirements. The Funds are not registered under the Investment Company Act of 1940 in reliance on available exemptions, including Sections 3(c)(1) and/or 3(c)(7), and interests in the Funds are generally offered pursuant to exemptions from registration under the Securities Act of 1933, including Regulation D.

The various requirements for investing in a Fund, including the minimum investment size, are set forth in each Fund's offering documents. AAP has the ability, in its sole discretion, to permit commitments below the minimum amounts set forth in the offering documents.

Item 8. Method of Analysis, Investment Strategies and Risk of Loss

AAP utilizes a range of methods and analysis to collect and disseminate information, develop tailored investment plans, identify, evaluate, and select investments strategies and manage a client's overall assets. In all cases, we are seeking to exploit investment opportunities and mitigate risk within the investment policy or guidelines specified by each client. However, investing in securities or investment vehicles of any kind involves the risk of loss that each client should be prepared to bear.

Investment Strategies

AAP uses various investment strategies in managing clients' assets. The investment strategy for each client is based upon the objectives identified during consultations with the client. The client can change these objectives at any time. We work with each client to understand their financial circumstances, investing experience, investment objectives, risk tolerance and desired investment strategy and in some cases, we develop or review an Investment Policy Statement ("IPS"). Portfolios vary from the general asset allocation guidelines at times, provided the portfolios are still designed to meet the clients' objectives and investment profile. Investment strategies used by AAP include long-term purchases, short-term purchases, trading, and margin transactions. Certain strategies involving more active trading will result in increased brokerage costs, transaction expenses, and taxable short-term gains, which would adversely affect overall investment performance. AAP also offers advice to clients on investing in alternative investments, where appropriate. In executing its investment management process, AAP generally utilizes a five-step methodology:

1. Analyze Client Time Horizon and Risk Tolerance.
2. Determine an Asset Allocation Based on Client Profile.
3. Decide on the Investment Process
4. Implement the Investment Process through Independent Managers, Mutual Funds, ETFs, Stocks, Bonds, and/or Alternative Investments (or other securities); and
5. Monitor Investments, including review of Independent Managers and Alternative Investments.

We use a number of additional resources when working with clients, designing investment programs and preparing financial plans. Some of these sources include comprehensive manager performance tracking databases and analytics tools, macroeconomic portfolio stress testing tools, financially oriented textbooks, marketing materials from product sponsors, and information provided by an approved third party. Our Associates sometimes also make recommendations based on specific legal, investment, and tax documents provided by you; however, AAP does not provide tax or legal advice.

AAP uses computer-based technology to research investments and strategies and to create asset allocation recommendations. Investments and strategies available are subject to varying degrees of due diligence (quantitative and/or qualitative) and depth of research. Alternative investments and private placements offered by AAP are subject to due diligence that often differ in scope and depth from the due diligence conducted for publicly traded securities due to limitations on available information and transparency.

AAP has access to Fiducient Advisors to provide research on investment managers, asset allocation strategies, financial market trends and other topical financial issues. They also provide access to proprietary tools such as Frontier Engineer, which is an asset allocation model, as well as other tools. These are available to assist the Financial Advisor with the allocation of client assets and the selection of mutual funds, ETFs and other money managers, as well as assist in rebalancing portfolios.

We, in certain situations, recommend investments in selected private placements, including limited partnerships. These types of investments often present unique risks due to the use of leverage and potential lack of liquidity. In addition, such recommendations are often limited only to clients that are “Accredited Investors” and/or “Qualified Purchasers”. These types of investments also have varied and unique fee structures on their own. Due to the unique and complex nature of these investments, clients will receive a separate disclosure prior to any investments being made.

From time to time, client accounts hold cash or cash equivalents for temporary defensive purposes, pending investment, to satisfy withdrawal requests, or to pay fees and expenses. Unless otherwise directed by the client, cash balances are typically maintained in money market funds, sweep accounts, or other cash-equivalent vehicles made available through the client’s custodian. Clients should understand that cash and cash equivalent positions are subject to inflation risk and can earn lower returns than other investments during certain market environments. In addition, money market funds and cash sweep vehicles are not necessarily guaranteed and can lose value.

The investment advice provided along with the strategies suggested by AAP will vary depending on each client’s specific financial situation and goals. This brief statement does not disclose all the risks and other significant aspects of investing in financial markets. In light of the risks, you should fully understand the nature of the contractual relationship(s) into which you are entering into and the extent of your exposure to risk. Certain investing strategies are not suitable for many members of the public. You should carefully consider whether the strategies employed would be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

Recommendation of Particular Types of Securities

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

General Investment Risk

Investing involves substantial risks, including complete possible loss of principal plus other losses and is not suitable for some members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk, and you should familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

Loss of Value

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

Interest Rate Risk

Fixed income securities and funds that invest in bonds and other fixed income securities often fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

Credit Risk

Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) is unable to make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security can also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value is often more volatile.

Foreign Exchange Risk

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

Concentrated Position Risk

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

Preferred Securities Risk

Preferred Securities have similar characteristics to bonds in that preferred securities are designed to make fixed payments based on a percentage of their par value and are senior to common stock. Like bonds, the market value of preferred securities is sensitive to changes in interest rates as well as changes in issuer credit quality. Preferred securities, however, are junior to bonds with regard to the distribution of corporate earnings and liquidation in the event of bankruptcy. Preferred securities that are in the form of preferred stock also differ from bonds in that dividends on preferred stock must be declared by the issuer's board of directors, whereas interest payments on bonds generally do not require action by the issuer's board of directors, and bondholders generally have protections that preferred stockholders do not have, such as indentures that are designed to guarantee payments – subject to the credit quality of the issuer – with terms and conditions for the benefit of bondholders. In contrast preferred stocks generally pay dividends, not interest payments, which can be deferred or stopped in the event of credit stress without triggering bankruptcy or default. Another difference is that preferred dividends are paid from the issue's after-tax profits, while bond interest is paid before taxes.

Risks Associated with Investing in Equities

Investments in equities generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it can decrease in value and the investment can incur a loss (sometimes up to a 100% loss in the case of a stock holding's bankruptcy).

Risks Associated with Investing in Mutual Funds

Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds can be reduced by the costs to manage the funds. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns. Clients should be aware that investing in mutual funds involves risk, including the potential loss of principal. Lower-cost share classes reduce investment expenses and could improve overall performance, but they do not eliminate the risks inherent in the underlying investments.

Risks Associated with Investing in Exchange Traded Funds (ETF)

Investing in ETFs carries the risk of capital loss. Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

Municipal Securities Risk

The value of municipal obligations can fluctuate over time. Value can be affected by adverse political, legislative and tax changes. Financial developments affecting the municipal issuers affect the value as well. Because many municipal obligations are issued to finance similar projects by municipalities (e.g., housing, healthcare, water and sewer projects, etc.), conditions in the sector related to the project can affect the overall municipal market. Payment of municipal obligations often depends on an issuer's general unrestricted revenues; revenue generated by a specific project, the operator of the project, or government appropriation or aid. There is a greater risk if investors can look only to the revenue generated by the project. In addition, municipal bonds generally are traded in the "over-the-counter" market among dealers and other large institutional investors. From time to time, liquidity in the municipal bond market (the ability to buy and sell bonds readily) will be reduced in response to overall economic conditions and credit tightening.

Risks Associated with Investing in Options

Transactions in options carry a high degree of risk. A relatively small market movement will have a proportionately larger impact, which can work for or against the investor. The placing of certain orders, which are intended to limit losses to certain amounts, is not always effective because market conditions can make it impossible to execute such orders. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller can sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk can be reduced. Clients should read and understand the booklet entitled "Characteristics and Risks of Standardized Options Strategies" which is available from their Financial Advisor.

Risks Related to Recommendation of Other Advisers

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

Pandemic Risks

Public health emergencies, pandemics, or similar events have the potential to adversely affect global markets, economic activity, supply chains, business operations, and market liquidity, which could negatively impact client portfolios and the operations of AAP and its service providers.

Use of Artificial Intelligence

AAP has implemented artificial intelligence ("AI") tools, including Microsoft Copilot integrated across its Microsoft environment, to support day-to-day operations such as research, analysis, document drafting, and communication. AAP sometimes uses AI-powered note-taking tools to document discussions during video calls, telephone calls, and in-person meetings. Clients will be notified of the use of such tools and will have the opportunity to opt out. Several third-party vendors have added AI features to their software solutions to improve user productivity.

AAP believes that responsible use of AI can enhance operational efficiency, improve information synthesis, and support more timely and consistent client service while enabling personnel to focus on higher-value activities. AI tools are used strictly as supplemental aids, and all outputs are subject to human review, professional judgment, and AAP's fiduciary duty. AAP maintains policies, training, and oversight designed to promote appropriate use, protect sensitive information, and ensure compliance with applicable regulatory requirements.

The use of AI involves risks and limitations, including the potential for inaccurate, incomplete, or biased outputs; data privacy and cybersecurity vulnerabilities; improper handling of confidential information; regulatory and compliance challenges; and the risk of over-reliance on automated tools. AI-generated content can appear authoritative but can contain errors ("hallucinations") and therefore must be independently validated before use in client-related or investment activities. Additionally, reliance on a third-party provider introduces operational and technology risks, and the regulatory landscape governing AI continues to evolve. AAP continuously evaluates its use of AI, monitors associated risks, and updates its controls and disclosures as necessary; however, AI use does not guarantee improved investment outcomes or client experience, and all investment decisions remain subject to human oversight and fiduciary responsibility.

Cybersecurity Risks

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

Environmental, Social, and Governance Investment Criteria Risk

If a portfolio is subject to certain environmental, social and governance (ESG) investment criteria it often avoids purchasing certain securities for ESG reasons when it is otherwise economically advantageous to purchase those securities or could sell certain securities for ESG reasons when it is otherwise economically advantageous to hold those securities. In general, the application of the portfolio's ESG investment criteria can affect the portfolio's exposure to certain issuers, industries, sectors and geographic areas, which can affect the financial performance of the portfolio, positively or negatively, depending on whether these issuers, industries, sectors or geographic areas are in or out of favor. An adviser can vary materially from other advisers with respect to its methodology for constructing ESG portfolios or screens, including with respect to the factors and data that it collects and evaluates as part of its process. As a result, an adviser's ESG portfolio or screens can materially differ from or contradict the conclusions reached by other ESG advisers concerning the same issuers. Further, ESG criteria are dependent on data and are subject to the risk that such data reported by issuers or received from third-party sources can be subjective, or it could be objective in principle but not verified or reliable.

Risks Associated with Investing in Inverse and Leveraged Funds

Leveraged mutual funds and ETFs generally seek to deliver multiples of the daily performance of the index or benchmark that they track. Inverse mutual funds and ETFs generally seek to deliver the opposite of the daily performance of the index or benchmark that they track. Inverse funds are often marketed as a way for investors to profit from or at least hedge their exposure to downward-moving markets. Some Inverse funds are both inverse and leveraged, meaning that they seek a return that is a multiple of the inverse performance of the underlying index. To accomplish their objectives, leveraged and inverse funds use a range of investment strategies, including swaps, futures contracts, and other derivative instruments. Leveraged, inverse, and leveraged inverse funds are more volatile and riskier than traditional funds due to their exposure to leverage and derivatives, particularly total return swaps and futures. At times, we will recommend leveraged and/or inversed funds, which can amplify gains and losses.

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

Risks Associated with Investing in Buffer ETFs

Buffer ETFs are also known as defined-outcome ETFs since the ETF is designed to offer downside protection for a specified period of time. These ETFs are modeled after options-based structured notes, but are generally cheaper, and offer more liquidity. Buffer ETFs are designed to safeguard against market downturns by employing complex options strategies. Buffer ETFs typically charge higher management fees that are considerably more than the index funds whose performance they attempt to track. Additionally, because buffer funds own options, they do not receive dividends from their equity holdings. Both factors result in the underperformance of the Buffer ETF compared to the index they attempt to track. Clients should carefully read the prospectus for a buffer ETF to fully understand the cost structures, risks, and features of these complex products.

Risks Associated with Variable Annuities

Clients should also note that the annuity sales result in substantial up-front commissions and ongoing trails based on the annuity's total value. In addition, many annuities contain surrender charges and/or restrictions on access to your funds. Payments and withdrawals can have tax consequences. Optional lifetime income benefit riders are used to calculate lifetime payments only and are not available for cash surrender or in a death benefit unless specified in the annuity contract. In some annuity products, fees can apply when using an income rider. Annuity guarantees are based on the financial strength and claims-paying ability of the issuing insurance company. We urge our clients to read all insurance contract disclosures carefully before making a purchase decision. Rates and returns mentioned on any program presented are subject to change without notice. Insurance products are subject to fees and additional expenses.

Structured Notes Risks

Below are some specific risks related to the structured notes recommended by our Firm:

- Complexity: Structured notes are complex financial instruments. Clients should understand the reference asset(s) or index(es) and determine how the note's payoff structure incorporates such reference asset(s) or index(es) in calculating the note's performance. This payoff calculation can include leverage multiplied by the performance of the reference asset or index, protection from losses should the reference asset or index produce negative returns, and/or fees. Structured notes can have complicated payoff structures that can make it difficult for clients to accurately assess their value, risk and potential for growth through the term of the structured note. Determining the performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Payoff structures can be leveraged, inverse, or inverse-leveraged, which could result in larger returns or losses. Clients should carefully read the prospectus for a structured note to fully understand how the payoff on a note will be calculated and discuss these issues with our Firm.

- Market risk: Some structured notes provide for the repayment of principal at maturity, which is often referred to as "principal protection." This principal protection is subject to the credit risk of the issuing financial institution. Many structured notes do not offer this feature. For structured notes that do not offer principal protection, the performance of the linked asset or index could cause clients to lose some, or all, of their principal. Depending on the nature of the linked asset or index, the market risk of the structured note can include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, and/or market volatility.

- Issuance price and note value: The price of a structured note at issuance will likely be higher than the fair value of the structured note on the date of issuance. Issuers now generally disclose an estimated value of the structured note on the cover page of the offering prospectus, allowing investors to gauge the difference between the issuer's estimated value of the note and the issuance price. The estimated value of the notes is likely lower than the issuance price of the note to investors because issuers include the costs for selling, structuring, and/or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes may not be re-sold on a daily basis and thus could be difficult to value given their complexity.

- Liquidity: The ability to trade or sell structured notes in a secondary market is often very limited, as structured notes (other than exchange-traded notes known as ETNs) are not listed for trading on securities exchanges. As a result, the only potential buyer for a structured note could be the issuing financial institution's broker-dealer affiliate or the broker-dealer distributor of the structured note. In addition, issuers often specifically disclaim their intention to repurchase or make markets in the notes they issue. Clients should, therefore, be prepared to hold a structured note to its maturity date or risk selling the note at a discount to its value at the time of sale.

- Credit risk: Structured notes are unsecured debt obligations of the issuer, meaning that the issuer is obligated to make payments on the notes as promised. These promises, including any principal protection, are only as good as the financial health of the structured note issuer. If the structured note issuer defaults on these obligations, investors could lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that are due on the structured notes.

Structured notes are generally intended for sophisticated investors who are capable of evaluating the associated risks.

Alternative Investments Risks

An alternative investment is an investment product other than traditional investments such as stock, bonds, or cash. Alternative investments often include real estate, private equity, venture capital, commodities, financial derivatives, and managed absolute return strategies also known as hedge funds. Alternative investments have historically exhibited the full range of risk and return from low volatility, low return strategies to high volatility, high return strategies. The most important common characteristics of alternative investments are:

- Federal securities law requires that you be an "Accredited Investor" and/or "Qualified Purchaser" to invest in most alternative investments. An Accredited Investor is a person or institution deemed capable of understanding and affording the financial risks associated with the acquisition of unregistered securities.
- Alternative investments are generally considered non-liquid investment vehicles such as limited partnerships, limited liability companies and offshore corporations which are unregistered securities and not easily traded, transferable or liquidated (converted to cash).
- Alternative investments typically limit how often and how much an investor can add to or withdraw from the investment vehicle.
- Alternative investment managers generally have broad discretion over the portfolio and often employ more sophisticated (and potentially riskier) portfolio management techniques than a traditional stock or bond manager.
- Alternative investment fee structures often include a fee based on a percentage of assets under management <u>and</u> a share of the profits in the form of profit participation or incentive allocation.

- Some alternative investments have historically exhibited lower correlations with traditional investments which can increase diversification and lower the overall volatility of an investor's portfolio.

AAP provides advice to certain Accredited Investors and Qualified Purchasers who have expressed interest in and authorized investing in private investment limited partnerships, or other similar entities, such as hedge funds, fund of fund hedge funds, private equity funds, venture capital funds and real estate funds. These funds are offered in accordance with Regulation D of the Securities Act of 1933.

Alternative investments often have certain risk characteristics not found in exchange traded securities and mutual funds. The following is a partial list of risks found in some but not all alternative investments:

- High degree of principal risk
- Leverage
- Speculative investment practices
- Illiquidity
- No periodic valuation information
- Complex tax structures or delays in distributing important tax information
- Lack of regulatory oversight
- High fees
- Underlying investments are sometimes not as transparent

Alternative investment performance can be volatile. You could lose all or a substantial amount of your total investment. Often, alternative investment funds and account managers have total trading authority over their funds or accounts. The use of a single adviser applying generally similar trading programs could mean a lack of diversification and, consequently, higher risk. There is often no secondary market for an investor's interest in alternative investments, and none may develop. There can be restrictions on transferring interests in any alternative investment. Alternative investment fund managers can execute a substantial portion of trades on non-U.S. exchanges. Investing in foreign markets often entails risks that differ from those associated with investments in U.S. markets. Clients are encouraged to read the offering memorandum issued by a private investment before investing.

Interval Funds Risks

Interval funds are closed-end investment companies that do not trade on an exchange and that provide limited liquidity through periodic repurchase offers. Investments in interval funds involve significant risks, including the following:

- Interval funds are not required to redeem shares daily, and investors generally can only sell shares during the fund's periodic repurchase windows, which typically occur quarterly. Clients should expect substantial restrictions on liquidity and possibly not be able to access their investment at the time or in the amount desired. Repurchase requests can be scaled back or declined if they exceed the fund's repurchase capacity.
- Interval funds often invest in illiquid, thinly traded, or privately valued securities. As a result, portfolio holdings might be valued using estimates or models rather than observable market prices. These valuations could be inaccurate, causing share prices to be higher or lower than the realizable value of the underlying assets. Clients might therefore buy or sell fund shares at prices that do not reflect actual market value.
- Interval funds often employ specialized, complex, or less-liquid investment strategies, including private credit, real estate, structured products, alternative investments, or derivatives. These strategies are often subject to heightened risks, including credit risk, interest rate risk, leverage risk, counterparty risk, market volatility, and

sector-specific or strategy-specific risks. Losses can occur, and Clients should not assume that interval fund strategies will perform similarly to traditional mutual funds or ETFs.

- Many interval funds use leverage to enhance returns. Leverage increases the fund's exposure to market movements and could magnify both gains and losses. In periods of market stress, leverage can force the fund to sell assets at unfavorable prices or could increase volatility and liquidity risk.
- Because interval funds invest significantly in assets that themselves could be illiquid, the fund could have difficulty meeting repurchase requests. The fund could need to borrow, sell securities at a loss, or otherwise manage liquidity in a manner that negatively affects performance.
- Although interval funds are required to make periodic repurchase offers, they can, in certain circumstances and consistent with regulatory requirements, suspend, postpone, or modify such repurchase offers. This will often further restrict a Client's ability to redeem shares.
- Interval funds often carry higher fees and expenses than traditional funds, including management fees, incentive fees, borrowing costs, and expenses associated with holding illiquid or alternative investments. These fees reduce overall returns. Clients should review each fund's offering documents for a full description of costs.

Cryptocurrency Risk

Clients should be aware of the following significant risks faced by the advisor and client that are associated with investments in cryptocurrencies, virtual currencies, digital coins, and tokens ("Digital Assets"), including investing in these using Exchange Traded Funds ("ETFs"). These investments are speculative and involve a high degree of risk and are not suitable for all investors. In addition to the regular risks of investing in ETFs, cryptocurrency-related ETFs are considered speculative and involve a high degree of risk, including:

- Volatility and Market Risk: Digital Asset prices are highly volatile and unpredictable, subject to rapid fluctuations influenced by market sentiment, supply and demand, technical developments, regulations, and economic trends. Substantial losses can occur quickly.
- Regulatory Uncertainty: The legal and regulatory environment for Digital Assets is evolving and varies across jurisdictions. Future regulations could negatively impact the value and tradability of Digital Assets. Unlike traditional financial instruments, Digital Assets are generally not subject to the same regulations and lack protections like FDIC or SIPC insurance.
- Limited Trading History and Illiquidity: Many Digital Assets have limited trading history, making long-term viability assessment difficult. Some could be illiquid, hindering quick buying or selling at favorable prices and potentially increasing volatility.
- Technological Risks: The underlying technology, including blockchain, is complex and poses risks like:
- Forks and Network Attacks: Digital Assets and networks can experience "forks" or cyberattacks such as "51% Attacks", potentially disrupting networks and impacting value.
- Irreversible Transactions: Digital Asset transactions are often irreversible, meaning losses from fraudulent or accidental transactions are often not recoverable**.**
- Cybersecurity Risks and Theft: Digital Asset security depends heavily on digital systems. Vulnerabilities can be exploited by malicious actors to steal assets. Clients and the advisor face cybersecurity risks leading to financial losses, data breaches, and reputational damage.
- Market Manipulation and Fraud: Digital Asset markets are susceptible to manipulation and fraud, including "pump and dump" schemes. The pseudonymous nature of some transactions can facilitate scams.
- Third-Party Risks: Relying on third parties like exchanges and custodians carries risks. These providers have less oversight than traditional institutions and often do not offer the same investor protections. Clients could be negatively affected by third-party cybersecurity incidents or operational failures.

- ETF-Specific Risks: Investments in Digital Asset-related ETFs are subject to the risks of both Digital Assets and exchange-traded funds, including tracking error, management fees, and potential deviations between the ETF's market price and its underlying asset value.

Clients should carefully consider these risks and consult with their Financial Advisor before investing in Digital Assets.

1031 Exchange Risks

Clients should be aware of the risks associated with Section 1031 Exchanges. Investors engaging in Section 1031 like-kind exchanges should be acutely aware that while the transaction can yield significant tax-deferral benefits, it is contingent upon strict conformity with IRS rules, contractual precision, and disciplined execution under tight timelines. Prior engagement with qualified tax professionals, legal counsel and other qualified intermediaries is essential to identify, mitigate and managed these multifaceted risks effectively. Some of the risks include:

- Strict Compliance Risk: The successful execution of a 1031 exchange demands rigorous adherence to the stringent regulatory framework imposed by Section 1031 of the Internal Revenue Code. Failure to comply with key requirements, including but not limited to timely identification of replacement property within the 45-day window, completion of the acquisition within 180 days, and the use of a qualified intermediary can result in disqualification of the exchange and immediate recognition of capital gains tax liability.
- Identification and Timeline Constraints: The taxpayer is subject to non-extendable deadlines that impose significant operational risk. Specifically, the identification of replacement properties must occur within 45 calendar days following the sale of the relinquished property, with acquisition completed within 180 calendar days. These compressed and inflexible timelines could constrain investment flexibility and increase the risk of transaction failure.
- Qualified Intermediary Reliance and Counterparty Risk: Engagement of a reputable qualified intermediary (QI) is paramount. The QI functions as a neutral third party responsible for holding exchange funds and facilitating property transfers. Any mismanagement, insolvency, or malfeasance by the QI could compromise the tax-deferred status of the exchange, expose the taxpayer to unintended tax consequences, and result in financial loss.
- Contractual and Assignability Risk: The underlying purchase and sale agreements must explicitly allow for the assignment of contract rights and obligations to the QI. Restrictive the assignability necessary for the exchange structure, potentially invalidating the tax-deferred transaction.
- Valuation and Like-Kind Property Risk: The replacement property must be of "like-kind" and meet investment or business-use criteria consistent with IRS guidelines. Imprecise valuation, incorrect property classification, or failure to acquire property of equal or greater value can trigger recognition of taxable "boot," defeating the intended tax-deferral benefit.
- Complexity and Transactional Risk: 1031 exchanges inherently involve complex coordination of multiple parties, legal documents, and timing mechanisms. Errors in documentation, insufficient due diligence, or failure to meet procedural requirements increase the likelihood of exchange failure and subsequent adverse tax consequences.
- Regulatory and Legislative Uncertainty: Although current statutes define the parameters of 1031 exchanges, ongoing legislative and regulatory changes potentially could narrow eligibility, impose caps on deferred gains, or modify reporting requirements. Taxpayers must remain vigilant and consult qualified advisors to mitigate exposure to such uncertainties.
- Advanced Strategy Risks: More sophisticated 1031 exchange strategies—such as reverse exchanges, construction/improvement exchanges, related party transactions, and seller financing integrations—introduce additional layers of operational, compliance, and timing risks, and require heightened professional oversight.

Margin Risk

There are additional risks associated with the use of margin including:

- Leverage Risk. Unfavorable market moves can negatively impact the value of your investments more rapidly. Leveraging exposes an account to greater downside risk versus paying for securities in full because if the securities acting as collateral lose enough value, you must either repay the loan or deposit more money in the account.

- Interest Rate Risk. You must pay interest on your margin loan, and the interest rate will fluctuate during the time you have your loan.

- Maintenance Call Risk. If the equity in your account falls below the brokerage firm's minimum maintenance requirement due to the value of the shares held for collateral dropping, you will need to deposit cash or additional collateral into your account promptly.

- Forced Liquidation Request. If you fail to meet a margin call, the brokerage firm will likely close out some or all the securities in your account without contacting you.

AAP and its Financial Advisors have an economic incentive to use margin, as investment returns are typically positively correlated with the riskiness of the portfolio. AAP has an incentive to place clients in riskier portfolios, which are expected to grow more quickly, thereby increasing future asset-based fees, which benefits AAP and its Financial Advisors. The use of margin also increases the amount of assets under management and therefore the Firm's fee revenue. There are additional conflicts of interest related to use of margin in USCA Securities accounts. See Item 10 for more details.

Mutual Fund Share Class Selection

When recommending mutual fund investments, we often recommend or purchase a particular share class of a mutual fund when multiple share classes are available. Mutual funds typically offer various share classes that differ in terms of fees, expenses, minimum investment thresholds, and eligibility requirements. For example, institutional share classes generally have lower expense ratios than retail share classes, but they could have higher investment minimums or require participation through a fee-based program.

Generally, it is our policy to recommend the lowest-cost share class for which the client is eligible at the time of the investment, taking into account the client's account size, investment platform, and custodial arrangements. We consider whether clients qualify for institutional or other lower-cost share classes and sometimes take steps to convert existing positions when eligibility changes.

To the extent AAP or its affiliates receive 12b-1 fees or similar compensation associated with advisory account holdings, such compensation is addressed in Item 5. AAP's policy is to recommend share classes believed to be in the client's best interest based on eligibility, costs, and available custodial platforms

We regularly review client holdings to evaluate the appropriateness of mutual fund share class selections and often recommend changes when lower-cost alternatives become available and the client qualifies. If a lower-cost share class becomes available after the initial investment, we could recommend exchanging or converting shares where operationally feasible and in the client's best interest.

Clients should let their Financial Advisor know if they have any questions about the risks outlined above, or if they are not comfortable with the risks of any of these types of investments.

Item 9. Disciplinary Information

As a registered investment adviser, the Firm is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of the Firm or the integrity of its management personnel. Neither AAP nor any of its management persons have been involved in any events that are material to a client or prospective client's evaluation of AAP or the integrity of its management. Certain Supervised Persons or Financial Advisors have additional information disclosed on their Form U4 or other regulatory records that is not required to be disclosed in this brochure. Additional information is available through the SEC's Investment Adviser Public Disclosure website at https://adviserinfo.sec.gov.

Item 10. Other Financial Industry Activities and Affiliations

AAP, through its financial industry activities and its affiliates, and related persons, engages in certain business practices or receives compensation or other benefits that create a conflict between the interests of clients and the interests of AAP and its affiliates. AAP addresses conflicts of interest by disclosing them to clients through documents provided to clients prior to entering into agreements with them, including this Brochure. In addition, AAP is subject to policies and procedures that require its Financial Advisors to provide investment advice that is appropriate for and in the best interest of advisory clients (based upon the information provided by such clients); make full disclosure of all material conflicts of interest; and act with good faith in dealings with advisory clients and seek to obtain "best execution" of advisory client transactions. To the extent conflicts of interest do arise, they are subjected to supervisory review, compliance oversight, and due diligence procedures. The Firm supervises the activities of its Financial Advisors regarding conflicts of interest. Clients also have the option in many cases to request their Financial Advisor not use investment options or service providers with conflicts of interest.

Clients are urged to read and consider this Brochure carefully and to ask questions about AAP's and their Financial Advisor's sources of compensation and conflicts of interest. More information about a Financial Advisor's compensation and conflicts is available in the applicable Form ADV Part 2B brochure supplement and Form U4. Additional information about fees, services, and conflicts is available upon request.

Broker-Dealer Registration

Certain AAP management persons and Financial Advisors are also registered representatives or associated persons of broker-dealers. USCA Securities, LLC is an affiliated broker-dealer because it is under common control with AAP. Kingswood Capital Partners, LLC, Mutual Securities Inc., and Purshe Kaplan Sterling Investments are unaffiliated broker-dealers. Certain former Transcend personnel remain registered representatives of Purshe Kaplan Sterling Investments during a transition period. AAP anticipates that some or all of these registrations may later be transferred to USCA Securities, subject to regulatory approvals and completion of the transition process. AAP personnel associated with these firms may conduct commission-based brokerage or insurance-product business through the applicable broker-dealer in a capacity separate from their role as investment adviser representatives of AAP. Brokerage commissions, sales charges, trails, placement fees, and other transaction-based compensation are separate from and in addition to advisory fees paid to AAP. These arrangements create conflicts of interest because the person and the applicable broker-dealer have an incentive to recommend brokerage accounts, securities transactions, or products that generate compensation.

When an AAP Financial Advisor recommends or provides a brokerage product or service, the client will be informed of the capacity in which the Financial Advisor is acting. A brokerage transaction is conducted in the person's brokerage capacity and is not provided as an AAP advisory service. The duties, compensation, account documentation, and legal protections applicable to a brokerage relationship differ from those applicable to an advisory relationship. Clients are not required to open a brokerage account, execute transactions, or purchase products through USCA Securities, Kingswood Capital Partners, Mutual Securities, Purshe Kaplan Sterling Investments, or any other broker-dealer with which an AAP person is associated. Clients may purchase recommended products through other broker-dealers or agents, although product availability, pricing, services, and compensation may differ.

Commodity/Futures Registration

Neither AAP nor its management persons are registered as a futures commission merchant, commodity pool operator, or commodity trading advisor, except to the extent certain affiliated private funds or investment vehicles rely on applicable exclusions or exemptions under the Commodity Exchange Act and related regulations.

Arax Wealth, LLC

AAP is directly owned by Arax Wealth, LLC. Arax Wealth, LLC is majority owned by Arax Investment Partners, LLC and its affiliates. Arax Investment Partners, LLC and its affiliates are part of the Arax enterprise, which is a portfolio company of RedBird Capital Partners. Accordingly, Arax Wealth, LLC is AAP's direct parent, and Arax Investment Partners, LLC and its affiliates are indirect controlling owners of AAP. Arax Wealth, LLC also directly or indirectly owns other financial-services entities, including USCA Securities, LLC, Arax Wealth Municipal Advisors, LLC, Arax Management, LLC, and Arax Wealth Insurance Agency, LLC. These entities are affiliates of AAP because they are under common control.

Air Capital Partners (Bahamas) Limited is owned by Arax Investment Partners, LLC and its affiliates. Because Arax Investment Partners, LLC and its affiliates are also indirect controlling owners of AAP, Air Capital Partners (Bahamas) Limited is an affiliate of AAP under common control, although it is not owned by Arax Wealth, LLC and is not part of the AAP ownership chain. Air Capital Partners (Bahamas) Limited is described below.

Item 10 also describes entities that are not directly or indirectly owned or controlled by AAP or Arax Wealth, LLC but in which one or more AAP control persons, management persons, or Financial Advisors have ownership interests, management roles, or other financial relationships. Unless specifically identified as an affiliate, those entities should be understood as related through the individual person's outside ownership, control, or business activity rather than as direct affiliates of AAP. The specific nature of each relationship and the resulting conflicts of interest are described in the applicable subsection below.

Certain AAP financial professionals, including principal executive officers and management persons, hold direct or indirect ownership interests in Arax Investment Partners, LLC, Arax Wealth, LLC, or other entities within the Arax enterprise. These ownership interests create an incentive to recommend products, services, custody arrangements, or investments that benefit Arax-controlled entities or increase the value or profitability of the broader Arax enterprise. AAP requires recommendations to be made in the client's best interest and subjects these relationships to disclosure, supervisory review, and compliance oversight. Clients are not required to use products or services offered by an AAP affiliate and are encouraged to ask their Financial Advisor about any ownership or compensation interest relevant to a recommendation.

Air Capital Partners (Bahamas) Limited

Air Capital Partners (Bahamas) Limited ("Air Cap") is an affiliate of AAP because it is under common control with AAP. Air Cap is owned by Arax Investment Partners, LLC and its affiliates, which are also indirect controlling owners of AAP. Air Cap is not owned by Arax Wealth, LLC, AAP's direct parent, and AAP has no ownership interest in Air Cap. Air Cap is registered with the Securities Commission of The Bahamas, effective December 23, 2025, as a firm arranging deals, managing capital market instruments, advising on capital market instruments, and dealing in capital market instruments as agent, pursuant to the Securities Industry Act, 2024. Air Cap is not registered with the U.S. Securities and Exchange Commission and does not provide investment advisory services to clients of AAP. As of the date of this Brochure, Air Cap has no clients and no assets under management.

Air Cap provides services to clients in The Bahamas. Clients of Air Cap are clients of Air Cap and are not clients of AAP. AAP does not provide investment advisory services to Air Cap's clients, and Air Cap's clients do not receive the services described in this Brochure. Assets of Air Cap's clients are not included in AAP's regulatory assets under management. AAP employs personnel located in The Bahamas who provide advisory, compliance, and client service and operations support to AAP and its clients. One AAP Financial Advisor located in The Bahamas also serves as an officer of Air Cap and, in that separate capacity, provides services to Air Cap's clients. AAP and Air Cap share this individual as a supervised person and share office premises in The Bahamas. In his capacity as an AAP Financial Advisor, this individual provides investment advice to clients of AAP and is subject to AAP's compliance program, supervisory structure, and investment oversight, including the AAP Code of Ethics described in Item 11. AAP is responsible for supervising the advisory activities he conducts on behalf of AAP.

This arrangement creates the following conflicts of interest.

Allocation of time and attention

The Financial Advisor devotes time to Air Cap's business in addition to his responsibilities to AAP clients. The amount of time devoted to each may vary and change over time. This creates a conflict because time spent developing or servicing Air Cap's business is time not spent on AAP client matters.

Allocation of investment opportunities

AAP and Air Cap may make available to their respective clients the same or similar investment strategies, including a model portfolio and a menu of approved private and alternative investments. Where an investment opportunity has limited capacity, is oversubscribed, or is otherwise unavailable in the amount sought, the Financial Advisor may be required to allocate that opportunity between AAP clients and Air Cap clients. This creates a conflict because he has an economic interest in both. As of the date of this Brochure, Air Cap has no clients and no such allocations have occurred. Before any investment opportunity is allocated between clients of AAP and clients of Air Cap, AAP will adopt a written allocation policy requiring such opportunities to be allocated on a fair and equitable basis over time and requiring the basis for each allocation to be documented and subject to supervisory review.

Trade sequencing

Where the same security is purchased or sold for both AAP clients and Air Cap clients, the transactions are generally expected to be effected at different custodians and would not be able to be aggregated. As a result, transactions for one group would generally be placed before the other, and the group whose transactions are placed later may receive a less favorable price. As of the date of this Brochure, Air Cap has no clients and no such transactions have occurred. Before the same security is purchased or sold for both groups of clients, AAP will adopt a written trade rotation policy designed so that neither group is systematically favored or disfavored, and will periodically review execution results across both groups. See Item 12 – Brokerage Practices.

Referral of prospective clients

A prospective client may be eligible to be served by either AAP or Air Cap. Because the Financial Advisor is compensated differently by each firm, he has an incentive to direct a prospective client to one firm rather than the other. Neither AAP nor Air Cap pays or receives any cash or non-cash compensation to or from the other for client referrals.

Use of AAP resources

Air Cap may have access to investment research, model portfolios, due diligence, or other resources developed by AAP. This creates a conflict because AAP resources may be used to support the business of an affiliate.

How AAP addresses these conflicts

AAP addresses these conflicts through disclosure, supervisory review of the Financial Advisor's activities, application of the AAP Code of Ethics, and a requirement that each recommendation be made in the client's best interest. Before Air Cap begins providing services to clients, AAP will adopt written allocation and trade rotation policies, will implement periodic testing of execution results and allocations across both groups of clients, and will establish separate client agreements, separate account documentation, and separate books and records for AAP and Air Cap. Clients of AAP are not required to use any product or service of Air Cap, and may ask their Financial Advisor about any relationship or compensation interest relevant to a recommendation.

Relationship with Affiliated and Unaffiliated Broker-Dealers

USCA Securities is an affiliated, FINRA-registered broker-dealer and SIPC member under common control with AAP. Certain AAP Financial Advisors, principal officers, and management persons are registered representatives or associated persons of USCA Securities. Certain AAP clients maintain brokerage accounts with USCA Securities that are introduced to, cleared by, and custodied through National Financial Services LLC (“NFS”). In their AAP advisory capacity, these persons act as investment adviser representatives and receive advisory-related compensation. In their USCA Securities brokerage capacity, they may recommend or effect securities transactions and receive commissions, trails, placement fees, or other transaction-based compensation. The affiliation and dual capacities create material conflicts of interest because AAP, USCA Securities, and the individual have incentives to recommend accounts, products, transactions, custodial arrangements, or services that generate compensation or other benefits for USCA Securities or the Arax enterprise.
AAP shares client information with affiliated broker-dealers, including USCA Securities, when reasonably necessary to open or maintain accounts, process transactions, provide or service financial products, conduct supervision and compliance reviews, maintain required records, prevent fraud, administer compensation, and otherwise support services requested by or provided to clients. The information shared depends on the relationship and can include identification and contact information, account and holdings data, financial profile information, investment objectives, risk tolerance, transaction history, tax-related information, and other nonpublic personal information relevant to the product or service. Affiliated broker-dealers are expected to use and safeguard this information in accordance with applicable law, contractual requirements, and their respective privacy and information-security obligations.

In particular, AAP shares relevant client information with USCA Securities so that USCA Securities can conduct, process, supervise, and service variable annuity and variable life insurance business. This can include information needed to evaluate and document suitability and best-interest considerations; submit and process applications; conduct exchanges, replacements, surrenders, distributions, and other transactions; maintain policies or contracts; perform supervisory and regulatory reviews; keep required books and records; and administer related compensation. For more information about AAP’s collection, use, protection, and sharing of nonpublic personal information, including sharing with affiliates, please review AAP’s Privacy Notice, which is available on AAP’s website at www.araxadvisorypartners.com.

In addition to advisory accounts and products that do not pay commissions, AAP Hybrid Financial Advisors sometimes offer accounts and products available through USCA Securities that pay commissions to USCA Securities and such Hybrid Financial Advisors. These commissions can be higher or lower than those charged by other broker-dealers. This creates a conflict of interest because Hybrid Financial Advisors have an incentive to recommend commission-based brokerage accounts or products that generate additional compensation. AAP Financial Advisors who are not broker-dealer registered representatives, do not offer commission-based accounts or securities. Clients are under no obligation to open advisory or commission-based accounts or purchase products through USCA Securities.

USCA Securities operates its brokerage business under a fully disclosed clearing relationship with NFS. NFS provides custody, clearing and execution for accounts opened with USCA Securities. As discussed below and in other sections of this Brochure, AAP's affiliation with USCA Securities and its relationship with NFS creates material conflicts of interest with its clients. Through its clearing relationship with NFS, AAP, USCA Securities, and their affiliates receive economic and non-economic benefits, which create conflicts of interest. Economic benefits received by USCA Securities include business development credits, net flow credits and technology credits.

In addition, USCA Securities, together with NFS, offers a Bank Deposit Sweep Program (the "Program") for clients' cash balances in all eligible USCA Securities accounts, including AAP advisory accounts custodied at NFS through USCA Securities. The Program is the default cash sweep vehicle for eligible USCA Securities Accounts; however, clients have the option to select a designated money market fund as an alternative cash sweep vehicle. In the Program, clients' uninvested cash balances are automatically deposited or "swept" into interest bearing FDIC insurance eligible accounts at one or more participating FDIC insured banks ("Program Banks") subject to per bank and total coverage thresholds. To offer the Program, NFS contracts with the Program Banks to make available specific amounts of deposit capacities in exchange for certain all-in funding rates, which are generally based on the Federal Funds Rate. Such all-in funding rates are then shared between NFS, vendors involved in administration of the Program, the client, and for accounts other than discretionary retirement accounts, USCA Securities. USCA Securities dictates the portion of the all-in funding rate that will be paid to the client as interest and the portion USCA Securities will retain as compensation for making available and maintaining the Program. Therefore, USCA Securities is incentivized to select a lower interest rate schedule for clients so it can earn more compensation. USCA Securities receives more compensation in connection with the Program than from other available sweep options, and the compensation USCA Securities and NFS receive can be greater than that generated by sweep options at other brokerage firms. In certain interest rate environments, such as when rates are higher, USCA Securities will receive more compensation than clients will earn in interest payments. While the compensation received by USCA Securities is not directly shared with AAP financial professionals, it could incentivize your financial professional to maximize the amount and duration of assets in the Program, or to encourage clients to maintain or increase their cash balances in the Program, or to recommend the Program over other available sweep options in order increase the revenue of USCA Securities.

USCA Securities also receives economic benefits when clients, including AAP clients with accounts at USCA Securities, use margin or non-purpose loans. NFS establishes a base cost charged to USCA Securities which is the "cost to carry" the loans. USCA Securities has discretion to charge more than this base interest rate or "markup" the interest rate that is charged to the client. NFS pays USCA Securities a substantial portion of the interest paid by clients above the base rate charged on clients' margin and non-purpose loans. Although such interest received by USCA Securities is not shared with AAP financial professionals, it could incentivize your financial professional to recommend the use of margin and non-purpose loans with NFS in order to increase revenue to USCA Securities and its affiliates. Although USCA Securities negotiates almost all rates directly with our clients and marks them up below the standard grid established by NFS, the fact that USCA Securities marks up margin and non-purpose loan interest rates creates an incentive for USCA Securities to set a higher rate in order to increase its compensation.

In addition to the foregoing economic benefits, AAP, USCA Securities, and their affiliates receive non-economic benefits from NFS, which include, but are not limited to, a dedicated service group and relationship manager to handle AAP accounts on the NFS platform, online access to clients' account statements and other account information, access to third party research and technology, access to a trading desk, access to block trading, the ability to have client fees directly debited form client accounts, electronic downloads of trades, balances, and position information, and access to Fidelity and non-Fidelity mutual funds. Additionally, through NFS, AAP has access to business consulting and professional services and can receive payment or reimbursement of expenses such as travel, lodging, meals and related costs to attend conferences or meetings sponsored by NFS, its service providers, or related parties. Further, through its relationship with NFS, AAP has access to the Envestnet Programs and receives investment advisory service tools, such as administrative and technology services, from Envestnet. AAP Financial Advisors can use the tools provided by NFS and Envestnet to serve clients of AAP as well as affiliates such as USCA Securities.

These systems and support help AAP manage client accounts maintained at NFS, but they provide other benefits to AAP and its affiliates that do not benefit clients. Receipt of these systems and support creates a conflict of interest in that AAP and its affiliates have an incentive to select or recommend accounts custodied at NFS based on the systems and support provided rather than the most favorable execution of client transactions. See Item 12 – Brokerage Practices for more information.

AAP also has arrangements with unaffiliated broker-dealers Kingswood Capital Partners, LLC and Mutual Securities Inc., both FINRA-registered broker-dealers and SIPC members. These firms provide operational or platform support for certain directly held life insurance, variable annuity, and 401(k) plan relationships. Pursuant to client authorization, AAP may provide ongoing investment advisory services concerning these assets. Under these arrangements, AAP and/or participating Financial Advisors receive an agreed percentage of trails or other compensation paid by the applicable insurance carrier or product sponsor through Kingswood or Mutual Securities. This compensation is separate from advisory fees paid to AAP and creates an incentive to recommend or retain products or relationships that generate such compensation.

Certain AAP Supervised Persons are registered representatives of Kingswood Capital Partners, LLC, Mutual Securities Inc., Purshe Kaplan Sterling Investments, or another unaffiliated broker-dealer. When such a person recommends or effects a brokerage transaction through the applicable broker-dealer, the person acts in a brokerage capacity, and the transaction is not provided as an AAP advisory service. The client will be informed of the capacity in which the person is acting and of material compensation and conflicts associated with the transaction. Brokerage commissions or other transaction-based compensation may be paid to the Supervised Person or the unaffiliated broker-dealer. Separately, as described above, AAP may receive trails or other compensation under a contractual arrangement with Kingswood or Mutual Securities. AAP supervises the person's advisory activities and reviews outside brokerage activities as required by its policies, while the unaffiliated broker-dealer is responsible for supervising brokerage transactions conducted through that firm.

General Partner Affiliations

As a result of the Transcend transaction, AAP is affiliated through common control and ownership with legacy Transcend general partner entities and fund-related entities. These relationships create conflicts of interest because AAP, its affiliates, and certain advisory personnel may receive management fees, carried interest allocations, placement-related compensation, or other economic benefits in connection with client investments in affiliated private funds. AAP addresses these conflicts through disclosure, due diligence, supervisory review, and a requirement that recommendations be made in the client's best interest. Clients are not required to invest in any affiliated private fund.

AAP is affiliated through common control and ownership with the general partners of certain private funds (each a "General Partner" and collectively, the "General Partners"). The General Partners have appointed AAP as investment manager to these funds, and AAP provides investment advisory, management, and administrative services. Depending on the applicable advisory agreement and Fund Offering Documents, a client who invests in an affiliated Fund may pay multiple layers of fees and expenses on the same investment. These may include an account-level advisory fee charged by AAP, a Fund-level management fee paid to AAP or an affiliate, Fund operating and investment expenses, and performance-based compensation or carried interest allocated to a General Partner or other affiliate. Certain AAP personnel may also receive a portion of Fund-related compensation. These fees and expenses reduce the investor's return and may make an affiliated Fund more expensive than an unaffiliated investment or another investment that does not involve multiple layers of compensation.

Because AAP, the General Partners, other affiliates, and certain advisory personnel receive these fees or other economic benefits, AAP and its personnel have an incentive to recommend affiliated Funds instead of unaffiliated funds or other investments that would generate less or no additional compensation. AAP addresses this conflict through disclosure, due diligence, supervisory review, and a requirement that each recommendation be in the client's best interest and consistent with the client's investment objectives, financial circumstances, risk tolerance, liquidity needs, and overall portfolio. If the applicable advisory agreement or Fund Offering Documents provide for an exclusion, offset, rebate, waiver, or reduction of an account-level or Fund-level fee, AAP will apply that treatment as described in those governing documents. AAP will provide the client with applicable Fund Offering Documents and other material disclosures describing the fees, expenses, compensation recipients, and conflicts before investment. Clients are not required to invest in an affiliated Fund and may decline such a recommendation.

Other Affiliated Entities or Funds

In addition to the Funds managed by AAP, AAP Financial Advisors sometimes recommend products, services, or investments offered by affiliated or related entities or funds in which they have a personal financial interest. These recommendations create conflicts of interest because AAP and its Financial Advisors have incentives to favor those products, services, or investments over similar alternatives in order to increase the assets, revenue, or value of entities or funds in which they hold interests, or to increase their own compensation. AAP maintains policies and procedures designed to address these conflicts and requires recommendations to be in the client's best interest. Clients should request additional information if they do not fully understand these conflicts. Additional information about a Financial Advisor's conflicts may be found in the applicable Form ADV Part 2B brochure supplement and Form U4. Clients are not obligated to purchase products or services from an AAP affiliate and may request that investments associated with affiliated entities not be used or recommended.

In some cases, investments in affiliated or related funds can be held in AAP accounts. Affiliated and related funds are evaluated using substantially the same due diligence and review process as unaffiliated investment opportunities. In such cases, if the client's Financial Advisor is receiving compensation as the portfolio manager or other similar role for the fund, the client's investment in such fund will be excluded from being charged the advisory fee. In cases where a Hybrid Financial Advisor who is not a portfolio manager for the fund recommends an investment in the fund, such Hybrid Financial Advisor often receives selling compensation which will be disclosed to the client.

Other Entities Under Common Control

Certain control people of AAP are also control people of and/or have ownership interests in other investment related entities that provide products or services to clients of AAP. While these are not direct affiliates of AAP, they are managed and controlled by principal officers and employees of AAP and therefore conflicts exist.

USCA, LLC and its Subsidiaries

Some of AAP's principal officers and management persons, as well as some of its Financial Advisors, have ownership interests in USCA, LLC. USCA, LLC owns or controls the following investment related entities, USCA Asset Management, LLC, USCA Investment Holdings, LLC, and USCA Ranchland Fund GP LLC. USCA Asset Management is an SEC registered investment adviser providing advisory services to the USCA Absolute Return Strategies Fund and the HRG Appreciation Fund, each private, unregistered funds, as well as the USCA Futurum Funds Platform, a series of private, unregistered funds. USCA Asset Management also provides investment advisory services to the 13Capital Energy Transition Fund I through a contractual arrangement with 13Capital, LLC, an exempt reporting advisor partially owned by USCA, LLC. USCA Investment Holdings manages certain feeder funds that were sold through USCA Securities. USCA Ranchland Fund GP LLC manages the USCA Ranchland Fund, LP. Certain AAP Financial Advisors and principal officers act as portfolio managers or hold other roles on behalf of these entities and funds, and AAP clients have invested in these funds and will likely do so in the future.

Piton Investment Management, LP

Piton Investment Management, LP ("Piton") is an SEC registered investment adviser focused on fixed income investing. It offers External Manager services to clients of AAP. Piton's general partner is Piton Management LLC ("Piton Management"). Certain AAP control persons own minority interests in Piton, and one of AAP's managing partners has a management role at Piton.

Halo Investing, Inc.

Halo Investing, Inc. ("Halo") is a Structured Note Platform used to create customized Structured Note investments and Halo Defined Notes. Clients of AAP can purchase structured notes using the Halo Structured Notes Platform either directly or through Piton. One of AAP's managing partners owns a non-controlling minority interest in Halo and serves on the Board of Directors but is not involved in the services provided by Halo to AAP clients.

ClearShares, LLC

ClearShares, LLC ("ClearShares") is an investment advisory firm whose core business is providing investment and strategic advice, investment solutions and related advisory services to Registered Investment Companies. ClearShares provides advisory services to three ETFs, ClearShares OCIO ETF (NYSE:OCIO), ClearShares Ultra-Short Maturity ETF (NYSE:OPER) and ClearShares Piton Intermediate Fixed Income ETF (NYSE: PIFI). One of AAP's managing partners owns minority, non-controlling interests in ClearShares, LLC through an LLC structure. Piton acts as a sub-advisor to PIFI and also provides investment services to OPER and OCIO. One of AAP's managing partners is the Portfolio Manager of OPER. AAP Financial Advisors can purchase shares of OCIO, OPER, and PIFI in client accounts; however, they do not receive any additional compensation from the use of these ETFs.

Each of these relationships creates conflicts of interest. AAP Financial Advisors have an incentive to recommend products, services, or investments of entities related to AAP over those offered by third parties to increase the growth and profitability of such entities and/or the compensation of AAP Financial Advisors and control persons involved with them. In addition, some USCA, LLC entities pay AAP Hybrid Financial Advisors sales compensation, including initial or ongoing trails, in their registered-representative capacity. This creates an incentive for those Financial Advisors to recommend such products or investments. Any such compensation will be disclosed to the client. Conflicts can also arise from the dual roles of Financial Advisors and management persons involved with outside entities. The amount of compensation received from, and time devoted to, each entity varies and may change over time.

To help mitigate these conflicts of interest, the Firm requires its financial professionals to make recommendations that are in the best interest of their clients. Clients should carefully consider these conflicts and are encouraged to discuss them with their AAP Financial Advisor. Clients can request that products, services, or investments of related entities not be used in their accounts if they are not comfortable with these conflicts.

Additional information regarding USCA Asset Management, Piton Investment Management, and ClearShares, including information about how they manage accounts and other conflicts of interests, can be found in their Form ADV Part 2As available here: IAPD - Investment Adviser Public Disclosure - Homepage (sec.gov). To determine whether your AAP Financial Advisor has a role on behalf of a related or an outside entity, please see their Form ADV Part 2B.

Day Hagan Asset Management and Logix Investments

Arax owns and operates Day Hagan Asset Management ("Day Hagan") and Logix Investments ("Logix"), affiliated asset-management businesses that serve as the investment adviser to certain exchange-traded funds ("ETFs") and separately managed accounts ("SMAs").

Because of this affiliation, a conflict of interest exists when AAP or its Financial Advisors recommend or invest client assets in ETFs or SMAs advised by Day Hagan or Logix. Day Hagan or Logix receives management fees and other compensation for providing advisory services to these ETFs and SMAs. As a result, AAP and its affiliates have a financial incentive to recommend or allocate client assets to these affiliated ETFs or SMAs instead of other unaffiliated investment options. Our Financial Advisors may recommend these ETFs or SMAs to clients when they believe the investment is appropriate based on the client's investment objectives, financial situation, risk tolerance, and overall portfolio strategy. However, the receipt of advisory fees by an affiliate creates a potential incentive for AAP or its representatives to favor these ETFs or SMAs over other investments that are available in the marketplace.

Clients are not required to invest in ETFs or SMAs advised by Day Hagan or Logix and are free to select other investment options. AAP seeks to address this conflict of interest by disclosing the affiliation and related compensation arrangements, maintaining policies and procedures designed to ensure that recommendations are made in the best interest of clients, and periodically reviewing investment recommendations for consistency with client objectives. Additional information regarding the fees and expenses associated with these ETFs can be found in the applicable ETF prospectuses and offering documents.

Material Relationships or Arrangements with Industry Participants

First Pacific Financial Group, Inc.

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

CAIS Capital, LLC

AAP sometimes will recommend and facilitate investments on behalf of clients in alternative investments. Investments in alternatives are sometimes made through the platform of CAIS Capital LLC ("CAIS"), a registered broker-dealer. CAIS generates revenue from subscriptions to funds on their platform and transactions they help facilitate in other investment or service-related engagements.

BlackRock Fund Advisers

BlackRock Fund Advisers ("BlackRock", CRD No. 105247): BlackRock provides AAP with investment research, models and/or technology at no cost, which is used in the development and maintenance of certain AAP investment strategies. AAP's receipt of these benefits creates a conflict of interest for AAP because it reduces AAP's operating costs, which, in turn, creates an incentive for AAP to recommend BlackRock's products and/or services to clients. In addition, BlackRock sometimes provides discounted or free attendance to conferences, meetings and other educational or social events, which could include full coverage of travel expenses; provides or could provide direct or indirect financial support to AAP in hosting its own meetings or training events. Clients should be aware that AAP receipt of these benefits and sponsorships creates additional conflicts of interest and incentives for AAP to recommend BlackRock's products and/or services to clients. AAP addresses these conflicts of interest by (1) providing disclosure of the relationship and the associated conflicts of interest to clients in this Disclosure Brochure and (2) reminding clients that they have the ability to impose reasonable restrictions on the securities or types of securities to be held in their portfolios, including a restriction on the purchase and/or use of BlackRock's products and/or services.

GuardHill Financial, LLC

AAP has a contractual marketing relationship with GuardHill Financial LLC, an unaffiliated mortgage lender. GuardHill compensates AAP for certain marketing and advertising services. AAP is not affiliated with GuardHill, does not share common ownership, and does not participate in loan origination activities.

Arax Wealth Insurance Agency, LLC and Receipt of Insurance Commissions

AAP Financial Advisors may refer clients to and use services provided by Arax Wealth Insurance Agency, LLC ("Arax Agency"). Arax Agency provides insurance planning related to estate, tax, and succession strategies, including case design, carrier selection, underwriting management, and policy placement for Arax entities. Like AAP and USCA Securities, Arax Agency is owned by Arax. AAP Financial Advisors do not receive compensation merely for referring a client to Arax Agency. However, when a client purchases an insurance product through Arax Agency, Arax Agency and the client's Financial Advisor may receive compensation. The amount varies based on the product type, carrier, premium amount, and policy duration. This compensation may be higher than compensation available through other providers and creates a conflict because an insurance-licensed Financial Advisor has an incentive to recommend products sold through Arax Agency. Clients are under no obligation to purchase insurance products through Arax Agency, and AAP Financial Advisors must act in their clients' best interests.

Certain AAP Supervised Persons are licensed insurance agents of Simon Davis Brokerage Services, Robert Schechter & Associates, Ash Brokerage, and various other companies and, in such capacity, can recommend, on a fully disclosed commission basis, the purchase of certain insurance products. While AAP does not directly sell such insurance products to its investment advisory clients, AAP does permit its Supervised Persons, in their individual capacities as licensed insurance agents, to sell insurance products to its advisory clients. A conflict of interest exists to the extent that AAP recommends the purchase of insurance products in which AAP's Supervised Persons receive insurance commissions or other compensation. AAP mitigates this conflict of interest through on-going supervision and training designed to ensure that recommendations are made in the client's best interest.

Following the Transcend transaction, certain advisory persons may also be licensed insurance professionals associated with Transcend Capital Insurance Services, LLC, an insurance agency that is not affiliated with AAP, or with other insurance agencies. Insurance-related activities create conflicts of interest because licensed personnel and the applicable insurance agencies may receive commissions or other compensation in connection with insurance product recommendations or sales. Clients are under no obligation to purchase insurance products through any person or entity affiliated with, related to, or introduced by AAP. AAP supervises these activities and requires recommendations to be made in the client's best interest.

55I, LLC

AAP uses 55I, LLC as an unaffiliated External Manager for some AAP accounts. 55I, LLC acts as a subadvisor on these accounts using models selected by AAP. The models used are predominantly invested in BlackRock ETFs and iShares ETFs (which are owned by BlackRock) and BlackRock pays 55I, LLC a fee for using their ETFs. Therefore 55I, LLC does not charge an additional fee for providing their services to AAP or the clients. Using 55I, LLC reduces AAP's operating costs since it automates much of the trading in client portfolios that use 55I, LLC, which benefits AAP. While AAP does not have any ownership or affiliation with 55I, LLC or BlackRock, Inc. and its affiliates, and does not receive any fees or income for using 55I, LLC or the BlackRock-related ETFs, there is a conflict of interest because 55I, LLC is provided at no additional cost to AAP or the clients (because they predominantly use BlackRock-related ETFs) so there is an incentive for AAP to use 55I, LLC because it results in reduced operational expenses to AAP. However, AAP believes this is in the best interest of clients because of the benefits provided by 55I, LLC and it results in no additional cost to the client to utilize 55I, LLC's services. Also, clients can request that 55I not be used in their account.

AAP Clients Financial Industry Relationships

AAP has a broad range of clients, many of whom work in the financial services industry. Certain clients work at financial firms which AAP also recommends products and/or services provided by such firms to its other clients. This creates a conflict of interest because AAP Financial Advisors may have an incentive to recommend investment products or service providers affiliated with firms that employ other AAP clients, in order to maintain or strengthen those client relationships. Although AAP advisers would receive no direct compensation for such referrals, they may be incentivized to make referrals in order to retain their clients who are employed by other firms.

AAP Financial Advisors act as a fiduciary when selecting investments and service providers for client portfolios, which helps to mitigate this potential conflict of interest. Further, portfolios built for clients are reviewed through our supervision procedures to help ensure Financial Advisors are fulfilling their fiduciary duty. Specifically, AAP seeks to mitigate this conflict through its compliance policies and procedures, including supervisory oversight, review of recommendations, and periodic monitoring of client portfolios to ensure that investment decisions are made in the client's best interest. Clients are not obligated to invest in or use the services of any firm with which other AAP clients are affiliated.

Certain Personnel of AAP and Outside Business Activities

Certain employees and other personnel at AAP have positions/roles at financial institutions and entities other than as specifically noted above. From time to time, AAP makes use of such entities, either directly or in connection with client accounts and refer clients to such entities. This presents a conflict of interest because AAP and its personnel may have an incentive to recommend or utilize such entities based on their outside affiliations rather than solely on the client's needs.

AAP seeks to mitigate this conflict through its compliance policies and procedures, including supervisory oversight and review of recommendations. Where a material conflict of interest exists, AAP will disclose the nature of the conflict to the client at or prior to the time of the recommendation, to the extent required under applicable regulation. Clients are not obligated to use any such affiliated or related entity and may select alternative service providers. Additional information regarding AAP's standards of conduct is available in Item 11 (Code of Ethics).

AAP Financial Advisors may also operate separate legal business entities. These entities may have distinct business names and branding that appear on approved marketing materials or, where permitted, on client communications. Clients should understand that these entities are independent of AAP and its custodians. All investment advisory services are provided exclusively through AAP, and AAP remains responsible for the supervision of its Financial Advisors in connection with such services.

Conflicts of Interest Arising from Investments in Client-Affiliated Funds

From time to time, AAP or its affiliates invest client assets in funds whose sponsors employ individuals who are also clients of AAP. In some cases, investments in these funds may represent five percent or more of AAP's total client assets, and in some cases, may represent a significant portion of AAP's total client assets in a fund. These circumstances create a conflict of interest because AAP has an incentive to recommend or allocate assets to such funds in order to maintain or enhance relationships with clients associated with the fund sponsor.

All investments in these funds, regardless of size, are evaluated based on their investment merits and consistent with AAP's fiduciary obligations, independently of any relationship between AAP and the fund sponsor's employees. This process is designed to mitigate the conflict and help ensure that investment decisions remain consistent with AAP's fiduciary obligations. Specifically, AAP seeks to mitigate this conflict through its compliance policies and procedures, including due diligence processes, supervisory review, and ongoing monitoring of investments to ensure consistency with client objectives and fiduciary duties.

Clients are not obligated to invest in any such funds. Additional information regarding these investments is available upon request by contacting AAP.

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

Code of Ethics Summary

AAP recognizes that personal investments of the Supervised Persons of our Firm demand the application of the highest standards of conduct and must be carried out in a way that does not conflict with the interests of our clients. We therefore have established a Code of Ethics designed to, among other things, limit or restrict the participation of Supervised Persons' investments through personal trading rules, reporting requirements, Compliance monitoring, and explicit prohibition on activity such as insider trading and other forms of prohibited and unethical business conduct.

Rule 204A-1 under the Investment Advisers Act of 1940 requires all Investment Advisers to establish, maintain and enforce a Code of Ethics. The Act defines an Investment Adviser as a fiduciary and, as a fiduciary, it is an Investment Adviser's responsibility to provide full and fair disclosure of all material facts and to act solely in the best interest of each of its clients at all times. AAP has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle of AAP's Code of Ethics. AAP requires its Supervised Persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws.

Upon employment or affiliation, and annually, Supervised Persons acknowledge that they have read, understand, and agree to comply with a Code of Ethics. AAP has the responsibility to make sure that our Financial Advisors place the interests of all clients ahead of AAP's or its Supervised Person's own investment interests. Our Financial Advisors disclose all material facts and potential conflicts of interest to clients before conducting any services. AAP and its Supervised Persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might affect or appear to affect our duty of complete loyalty to all clients. Clients should review the material facts and potential conflicts of interest disclosed in this brochure and in more detail below.

Clients can review the AAP Code of Ethics in its entirety by written request to compliance@araxadvisorypartners.com

Annual Review of Supervisory Procedures and Systems

Pursuant to Securities and Exchange Commission guidelines, AAP performs an annual review of its Code of Ethics, supervisory procedures, and internal systems to help ensure that client interactions, Investment Management functions, compliance controls, and reporting systems are properly aligned and operating in a regulatory compliant manner.

Personal Trading Policy

Financial Advisors and other associated persons of AAP may invest in, buy, or sell securities identical or similar to securities recommended to clients and therefore may hold interests or positions in securities also recommended, purchased, or sold for clients. This creates a conflict of interest and, if ownership is significant, could affect the market price of a security. Clients may ask their Financial Advisor whether the Financial Advisor owns securities being purchased for the client's account. AAP monitors employee trading to help ensure that Financial Advisors do not trade ahead of clients to the clients' detriment. AAP maintains processes designed to treat clients fairly, including monitoring trades in employee personal accounts. AAP reviews employee trades to identify situations in which a Financial Advisor or other employee traded ahead of a client and received a better price. When a Financial Advisor trades before the Financial Advisor's client in the same security within a designated period and receives a better price, AAP generally requires an adjustment. Financial Advisors and employees may sometimes trade before clients whom they or their teams do not serve because they are unaware of those clients' trades; those trades generally are permitted and are not adjusted.

The Firm monitors the security holdings of our associated persons. AAP employees are prohibited from trading on material, non-public information or sharing such information. The Firm conducts its securities and investment advisory business in accordance with applicable Federal and State securities regulations.

AAP and its Financial Advisors recommend investments in which AAP, an affiliate, or a related person or entity has a material financial interest. This creates conflicts because AAP, its Financial Advisors, affiliates, or related persons or entities may receive financial benefits. These conflicts are described in greater detail in Item 10, Other Financial Industry Activities and Affiliations, and, where applicable, in a Financial Advisor's Form ADV Part 2B brochure supplement and Form U4.

AAP and its Financial Advisors are required to do what is in the best interest of the client regardless of any benefits to AAP, its Financial Advisors, affiliates or any related persons or entities. To mitigate these conflicts, AAP maintains policies governing personal securities transactions, including pre-clearance requirements for certain transactions, restricted lists, reporting obligations, and post-trade monitoring designed to detect and prevent improper trading practices.

Principal, Cross, and Agency-Cross Transactions

From time to time, AAP or its affiliated broker-dealer, USCA Securities, may act as principal in a securities transaction with an AAP client. A principal transaction occurs when AAP, USCA Securities, or another controlling or controlled affiliate sells a security to, or purchases a security from, a client while acting for its own account. Whether a transaction involving a fund or other investment in which AAP, its affiliates, or personnel have an ownership or financial interest is a principal transaction depends on the specific facts and circumstances, including the nature and degree of ownership or control, the capacity in which the parties act, and the economic interests involved. No single ownership percentage alone determines whether a transaction is a principal transaction.

Principal transactions create material conflicts of interest because AAP, USCA Securities, or another affiliate may earn a profit, mark-up, mark-down, spread, placement-related payment, or other economic benefit and therefore has an incentive to cause the client to enter into the transaction. Before completing a principal transaction subject to Section 206(3) of the Investment Advisers Act, AAP will provide the client with transaction-specific written disclosure describing the capacity in which AAP or its affiliate is acting, the material terms of the transaction, the compensation or other economic benefit, and the related conflicts, and will obtain the client's consent to that specific transaction. Blanket disclosure or general advance consent does not replace transaction-specific disclosure and consent where Section 206(3) requires them. AAP also requires the transaction to be in the client's best interest, consistent with the client's objectives and restrictions, supported by fair and reasonable pricing, and documented in accordance with AAP's policies.

AAP may also effect cross trades between two or more advisory client accounts without receiving a commission or other transaction-based compensation for effecting the trade. Cross trades create conflicts because AAP advises clients on both sides and has an incentive to favor one account through price, timing, allocation, liquidity, or other terms. AAP permits a cross trade only when it determines, based on the facts and circumstances, that the transaction is in the best interest of each participating client, is consistent with each account's objectives, governing documents, and restrictions, and will not disadvantage one client relative to another. The trade must be effected at an independent current market price or other fair and reasonable price supported by reliable information, and AAP must maintain records of the basis for the trade, pricing, approvals, and allocations.

Cross trades involving ERISA plans, individual retirement accounts, private funds, registered investment companies, business development companies, affiliated accounts, or other accounts subject to special legal, contractual, or regulatory restrictions may require additional approvals, exemptions, disclosures, consents, pricing procedures, board action, or recordkeeping, and in some circumstances may be prohibited. AAP will not effect a cross trade unless it determines that the transaction is permitted for every participating account and that all applicable conditions have been satisfied.

An agency-cross transaction occurs when AAP or USCA Securities acts as broker for a party other than the advisory client in a transaction involving the client and receives a commission or other transaction-based compensation. These transactions create conflicts because AAP or USCA Securities benefits from effecting the transaction and may be involved with parties on both sides. AAP will effect an agency-cross transaction only in compliance with Section 206(3), Rule 206(3)-2, or another applicable exemption or exclusion. As required by the applicable provision, AAP will provide written disclosure of the capacity in which AAP or USCA Securities acts, the compensation and material conflicts, obtain the client's consent, deliver required confirmations and periodic information, and maintain required records. AAP will not recommend or effect an agency-cross transaction unless it determines that the transaction is in the client's best interest, is consistent with the client's objectives and restrictions, and provides fair and reasonable terms. A client may revoke any prospective agency-cross authorization as permitted by applicable law.

Item 12. Brokerage Practices

Client assets are generally maintained in an account at a "Qualified Custodian." AAP has selected Fidelity/NFS, Charles Schwab, SEI, Pershing, and, for certain legacy Transcend relationships, other custodial or brokerage arrangements used in connection with the Arax Wrap Fee Program and legacy Transcend advisory relationships (collectively known as "Selected Custodians") as its primary custodians/brokers to hold client assets and execute transactions on terms it believes are advantageous when compared to other available providers and their services. All are "Qualified Custodians" as that term is described in Rule 206(4)-2 of the Investment Advisers Act of 1940. Each broker-dealer/custodian provides custody of securities, trade execution, and clearance and settlement of transactions placed by AAP. When client accounts are custodied at Selected Custodians they will hold client assets in a brokerage account and buy and sell securities when we instruct them to.

In deciding whether to recommend a Selected Custodian, AAP considers factors that include:

- Trade-order execution, including the ability to provide accurate and timely execution of trades;
- The reasonableness and competitiveness of commissions and other transaction costs;
- Access to a broad range of investment products;
- Technology that integrates with AAP's environment, including its portfolio-management system;
- A dedicated service or back-office team and its ability to process AAP's requests on behalf of clients;
- The ability to provide AAP with access to client account information through an institutional website;
- The ability to facilitate transfers and payments to and from accounts, including wire transfers, check requests, and other money movements; and
- The ability to provide clients with electronic access to account information and investment and research tools.

In exchange for using the services of the Selected Custodians AAP and/or its affiliate USCA Securities receive, without cost, computer software and related systems support that allows AAP to monitor and service its clients' accounts maintained with such broker-dealer/custodian. USCA Securities also receives technology credits from NFS, which increases when assets held at NFS increase, which can be used to pay for additional computer software and related systems support.

Software and Support Provided by Selected Custodians

The Selected Custodians also make available products and services that benefit the Firm and its affiliate USCA Securities but do not directly benefit the client or the client's account. They include investment research; both the Selected Custodians' own and that of third parties. AAP uses this research to service all or some client accounts, including accounts not maintained at the Selected Custodians. We do not seek to allocate benefits to client accounts proportionately to the amount of benefits the accounts generate. In addition to investment research, the Selected Custodians also make available software and other technology that:

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

The Selected Custodians also offer other services or reimburse the Firm for fees to outside vendors that only benefit the Firm and USCA Securities and are intended to help the Firm manage and further develop our business enterprise. These services include:

- Educational conferences and events;
- Technology, compliance, legal, and business consulting;
- Publications and conferences on practice management and business succession;
- Access to employee benefits providers, human capital consultants, and insurance providers; and
- Marketing consulting and support.

The Selected Custodians provide some of these services themselves. In other cases, they will arrange for third-party vendors to provide the services to the Firm and USCA Securities and discounts or waives fees for some of these services or pays all or a part of a third party's fees. They also provide the Firm with other benefits such as business entertainment for Firm personnel.

The Selected Custodians have different policies regarding how incoming cash and any uninvested cash balances are handled. They each provide one or more default sweep options for these funds, including an FDIC insured sweep option. FDIC insured sweep options generally pay lower interest than other available cash investment options, such as money market funds. There are pros and cons to selecting money market funds over FDIC insured sweep options. Money market funds often have higher interest rates than FDIC insured sweep options, however, investments in money market funds are not FDIC insured. Money market fund investments are, however, generally covered by SIPC, up to the applicable limit. You should discuss the pros and cons of the cash sweep options with your Financial Advisor and choose the vehicle that best meets your needs and risk tolerance. Options other than a Selected Custodian's default sweep options require trades to be made in order to access the fund through a purchase or redemption. See Item 10 for additional information, including conflicts of interests, related to the FDIC insured bank deposit sweep program offered for accounts at NFS.

Best Execution

AAP seeks to obtain best execution for client transactions, consistent with its fiduciary duty. Clients may pay commissions that are higher than another qualified financial institution might charge to affect the same transaction where AAP determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the Financial Institution's range of services, including execution capability, commission rates, and general responsiveness. AAP seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions. In some cases, clients could pay commissions, markups, markdowns, spreads, or other transaction costs that are higher than those available through other broker-dealers in return for the research, products, services, and execution capabilities provided by the Selected Custodians.

AAP periodically reviews its recommendation of Financial Institutions in the context of its duty to obtain best execution. Clients have the option to direct AAP to use a specific Financial Institution to execute some or all transactions for their account. In such cases, the client will negotiate terms and arrangements for the account with that Financial Institution, and the Firm will not seek better execution services or prices from other Financial Institutions or be able to "block" client transactions for execution through other Financial Institutions with orders for other accounts managed by AAP (as described below). As a result, the client could pay higher commissions or other transaction costs, greater spreads, or could receive less favorable net prices on transactions for the account than would otherwise be the case. AAP has the option to decline a client's request to direct brokerage if, in the Firm's sole discretion, such an arrangement would result in operational difficulties or violate restrictions imposed by other broker-dealers.

Clients invested in the Managed Accounts Program and the GoalLink Program developed by SEI Investments Management Corporation ("SIMC"), are required to custody accounts with SEI Trust Company, a wholly owned subsidiary of SEI

Investments. Trades executed through SEI for SEI funds are placed free of charge, as an accommodation to Clients. However, accounts could be subject to an annual custodial fee. The exact fee will be listed in SEI's account opening document.

For accounts in the AAP Wrap Fee Program, certain transaction-related costs are included in the program fee rather than charged separately to the client. Because AAP may bear or absorb certain covered transaction costs, AAP has an incentive to reduce trading activity, use securities that do not generate transaction charges, or otherwise manage accounts in a manner that reduces costs borne by AAP. AAP addresses this conflict through its fiduciary duty, supervisory procedures, best-execution review, and periodic review of wrap and non-wrap account practices.

Block Trading

Transactions for each client generally will be effected independently unless AAP decides to purchase or sell the same securities for several clients at approximately the same time. In the latter situation, AAP can (but is not obligated to) combine or "block" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among AAP's client's differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. When we choose to combine or "block" orders, transactions will generally be averaged as to price and allocated among AAP's clients pro rata to the purchase and sale orders placed for each client on any given day. AAP does not receive any additional compensation or remuneration as a result of the aggregation.

If AAP determines that a prorated allocation is not appropriate under the particular facts and circumstances, the allocation will be made according to other relevant factors, which could include: (i) in a situation where only a small percentage of the order is executed, shares may be allocated to the account with the smallest order, or the smallest position, or to an account that is out of line with respect to security or sector weightings relative to other portfolios with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines, which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares could be reallocated to other accounts (this could be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations can be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, AAP can exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares could be allocated to one or more accounts on a random basis.

Transactions for Clients of an Affiliated Adviser

As described in Item 10 – Other Financial Industry Activities and Affiliations, Air Capital Partners (Bahamas) Limited ("Air Cap") is an affiliate of AAP under common control with AAP, and one AAP Financial Advisor also serves as an officer of Air Cap and, in that separate capacity, provides services to clients of Air Cap. AAP and Air Cap may make available to their respective clients the same or similar investment strategies, including a model portfolio and a menu of approved private and alternative investments. As a result, the same security may be purchased or sold for clients of AAP and for clients of Air Cap at or about the same time.

Air Cap selects its own custodians and executing brokers for its clients' accounts, and those accounts are not expected to be maintained at the Selected Custodians. AAP does not select brokers, negotiate commissions, or seek best execution for the accounts of Air Cap's clients. Because the two groups of accounts are expected to be maintained at different custodians, orders for clients of AAP and orders for clients of Air Cap generally will not be able to be combined or blocked in the manner described above. Transactions for the two groups therefore generally will be placed sequentially rather than together, and the group whose transactions are placed later may receive a less favorable price, may pay different transaction costs, or may not receive the same execution as the group whose transactions are placed first.

As of the date of this Brochure, Air Cap has no clients and no such transactions have occurred. Before the same security is purchased or sold for both clients of AAP and clients of Air Cap, AAP will adopt a written trade rotation policy designed so that neither group of clients is systematically favored or disfavored in the sequencing of transactions and will require the basis for the sequencing of orders to be documented and subject to supervisory review. AAP will periodically review execution results across both groups of clients to assess whether either group has been systematically disadvantaged.
This arrangement creates a conflict of interest because the Financial Advisor has an economic interest in both AAP and Air Cap and determines the order in which transactions are placed. AAP addresses this conflict through disclosure, the rotation policy described above, supervisory review, periodic review of execution results, and its duty to seek best execution for its clients. See Item 10 – Other Financial Industry Activities and Affiliations for additional information regarding AAP's affiliation with Air Cap and the related conflicts of interest.

Business Development Credits and Net Flow Credits

USCA Securities receives substantial payments from NFS in the form of Business Development Credits for maintaining assets with NFS and New Flow Credits based on new net assets at NFS. USCA Securities also stands to receive additional payments for increasing new flows to the NFS custody platform in the future. These payments create conflicts of interest in that they incentivize USCA Securities and AAP to maintain its relationship with and continue to direct assets, including client assets, to NFS.

Other Benefits

From time to time, Selected Custodians have provided additional economic and non-economic benefits to AAP and/or its affiliates, including reimbursement of certain account transfer expenses, discounts or reimbursements for third-party technology and consulting services, marketing support, conference attendance support, practice management resources, and access to research and technology platforms. These arrangements create conflicts of interest because AAP and its affiliates have an incentive to maintain relationships with custodians and broker-dealers that provide such benefits.

Conflicts Related to USCA Securities for AAP Hybrid Financial Advisors

For many accounts custodied at NFS, trades are directed to USCA Securities, as an introducing broker with clearing and custody services provided by NFS. USCA Securities negotiated a clearing agreement with NFS which determined fees and revenues for USCA Securities. To negotiate favorable rates, USCA Securities had an incentive to promise significant balances and activity and thus has an incentive to maintain significant balances at NFS in order to maintain favorable rates. This presents conflicts of interest.

In addition, another conflict involves the Bank Deposit Sweep Program offered by NFS for USCA Securities clients. USCA Securities is an affiliate of AAP and Arax Wealth and NFS receive direct economic benefits in connection with the Program. See more information on this under Item 10 Other Financial Activities and Affiliations

Although AAP believes its relationship with affiliated broker-dealer USCA Securities and NFS is beneficial to its clients, as described in Item 10, AAP, USCA Securities receives substantial economic and non-economic benefits from AAP using USCA Securities and NFS for its advisory clients' accounts. The additional compensation and other benefits received creates a significant conflict of interest with the Firm's clients because AAP has a substantial economic incentive to use USCA Securities and NFS over others who do not provide such benefits to AAP. Additionally, by using its affiliate as the broker-dealer for many of its advisory accounts, AAP might be unable to achieve the most favorable execution for client transactions, which can cost clients more money. While AAP places trades for its clients subject to its duty to seek best execution, the execution quality between NFS and other broker-dealers often differs.

Trade Errors

AAP takes reasonable steps to ensure that client transactions are executed accurately and promptly. However, trade errors do occur from time to time. When a trade error occurs, AAP seeks to correct the error as promptly as practicable and in a manner consistent with its fiduciary obligations and applicable custodian policies. In general, if a client suffers a loss due to an error caused by AAP or its personnel, AAP and/or the responsible Financial Advisor generally will bear the cost associated with correcting the error. The treatment of gains resulting from trade errors varies depending on the applicable custodian's policies, regulatory guidance, and the specific facts and circumstances of the error.

Client Referrals and Directed Brokerage

AAP's relationship with Schwab and NFS is not in the nature of directing clients in exchange for client referrals. However, occasionally clients are referred through these relationships. AAP and its affiliates receive considerable economic and non-economic benefits from directing clients to use Schwab and NFS for trade execution, clearing, custody and settlement services. For detail regarding AAP's relationship with USCA Securities and related conflicts of interest, see Item 10 – Other Financial Industry Activities and Affiliations.

Item 13. Review of Accounts

For those clients to whom AAP provides investment management services, including clients transitioned from Transcend, AAP monitors portfolios as part of an ongoing process while regular account reviews are conducted on at least an annual basis. Account reviews are generally conducted by Financial Advisors and Hybrid Financial Advisors, other investment adviser representatives, portfolio management personnel, and/or other supervisory personnel of AAP, depending on the nature of the account, the services being provided, and the applicable program or advisory arrangement. For legacy Transcend relationships and wrap program accounts, reviews may include comparison of account allocation to client objectives, review of holdings and alternatives, analysis of performance and asset allocation, monitoring of account restrictions, and consideration of cash flows or changes in client circumstances.

The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with AAP and its Financial Advisors and to keep AAP informed of any changes thereto, as these can also trigger a review.

For those clients to whom AAP provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis.

Account Statements and Reports

Clients generally receive annual performance reports, which can be oral, written, or accessed electronically. The types of reports and frequency of the reports vary according to the Financial Advisor. Clients will also receive from the Selected

Custodians either quarterly or monthly account statements and confirmations in paper form or electronically through on-line access. Account statements reflect all securities and cash transactions in the account as well as current positions and values. Clients should notify AAP immediately if they are not receiving statements from their custodian (either paper or electronic statements), if they notice any discrepancies, or if they have any questions. Any performance reports provided by AAP often aggregate data (provided by the Selected Custodians and other custodians) for related accounts and will reflect holdings and values as well as performance data that could include comparisons to benchmarks. Performance reports provided by AAP are for informational purposes only, should not be relied upon, and do not supersede clients' account statements from Selected Custodians, which is the official statement for accounts.

Item 14. Client Referrals and Other Compensation

Compensation for Client Referrals

AAP enters into written arrangements with individuals or entities that advertise, endorse, or refer prospective clients to AAP (each, a "promoter"). A promoter may receive a fixed payment, a percentage of advisory fees, or other cash or non-cash compensation if a referred person becomes or remains an AAP client. This compensation creates a material conflict of interest because the promoter has a financial incentive to recommend AAP's advisory services over those of other advisers that do not compensate the promoter. Before or at the time of the testimonial, endorsement, or referral, the prospective client will receive clear and prominent disclosures, as applicable, stating whether the promoter is a current client, whether the promoter is compensated, a brief description of the compensation arrangement, material conflicts of interest arising from the relationship and compensation, and other required information. A referred client will not be charged a higher advisory fee solely because the client was introduced by a promoter, although the client's fee may differ from another client's fee for other reasons described in Item 5.
AAP maintains policies and procedures reasonably designed to provide oversight of promoter activities and to determine whether testimonials and endorsements comply with Rule 206(4)-1. AAP generally enters into a written agreement with a compensated promoter that describes the permitted activities and requires compliance with the Marketing Rule, except where an exemption from the written-agreement requirement applies. Before engaging a promoter and periodically thereafter, AAP reviews whether the promoter is subject to a disqualifying Commission action or other disqualifying event that would prohibit or restrict the promoter's participation. AAP also maintains required books and records relating to promoter agreements, compensation, disclosures, advertisements, and oversight. Use of a promoter does not relieve AAP of its fiduciary duties or its responsibility to ensure that communications about AAP are fair, balanced, and not materially misleading.

AAP also enters into written referral or endorsement arrangements under which AAP acts as a promoter for an unaffiliated firm and refers clients or prospective clients to that firm for services. If a referred person engages the unaffiliated firm, AAP may receive a fixed referral fee, a percentage of the fee paid by the client or a qualified intermediary, or other compensation. This compensation creates a conflict of interest because AAP has a financial incentive to refer clients to firms that compensate AAP rather than to other available providers. Before or at the time of the referral, AAP will disclose that it is acting as a compensated promoter, describe the compensation arrangement and material conflicts, and provide any other disclosure required by Rule 206(4)-1. The unaffiliated firm, not AAP, is responsible for the services it provides under its separate agreement with the client. Clients are not required to engage a firm recommended by AAP and may select another provider.

AAP and its affiliates also enter into written arrangements with alternative-investment platforms and asset managers under which AAP or an affiliate receives a portion of management fees, platform fees, placement-related compensation, or other amounts associated with client investments. Although these amounts may be paid from compensation otherwise retained by the platform or manager rather than billed as a separate line item by AAP, they are connected to the client's investment and may affect the total economics of the product or service. These arrangements create a conflict of interest because AAP and its Financial Advisors have an incentive to recommend a manager, platform, or fund that provides compensation instead of an alternative that provides less or no compensation. AAP will disclose the relationship, the nature and source of compensation, material conflicts, and other required information before or at the time of the recommendation or investment. AAP reviews these arrangements under its due-diligence, supervisory, and Marketing Rule procedures and requires recommendations to be in the client's best interest. Clients may request that their accounts not use investments or providers that pay this type of compensation, subject to operational and investment-management considerations.

For a description of other benefits received by the Firm in connection with its advisory services see Item 10 – Other Financial Industry Activities and Affiliations.

Ramsey Solutions –SmartVestor™

We have entered into an advertising agreement with Ramsey Solutions ("RS") whereby RS provides online advertising services in exchange for a flat monthly marketing fee. The services include advertising space on RS's web-based SmartVestor™, lists assigned to particular geographic markets, use of the SmartVestor™ marks in advertising, and the provision of other marketing materials. Potential clients using the SmartVestor™ site are able to select and choose to contact our Supervised Persons for services.

Item 15. Custody

Deduction of Advisory Fees

AAP will have the ability, with the client's prior written authorization, to have its advisory fees debited from the client account(s) at the qualified custodian. This authority applies to AAP advisory accounts, including certain legacy Transcend accounts transitioned to AAP. We will provide the client an informational copy of the invoice each quarter unless the client provides written instructions to AAP not to send them "informational invoices" in cases where we pull the advisory fees from their custody accounts, waiving any such requirement described in the Investment Advisory Agreement. AAP will confirm that the qualified custodian sends quarterly statements to each client or notifies clients that statements are available on the custodian's web portal.

AAP is deemed to have custody solely as a result of this fee-deduction authority for affected accounts. AAP seeks to rely on the Custody Rule provisions applicable to direct fee deduction by maintaining client assets with a qualified custodian, limiting withdrawals to authorized advisory fees, providing fee information as described above, and having a reasonable basis for believing that the custodian sends account statements directly to the client. This limited authority generally does not require a surprise examination when the applicable conditions are satisfied.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there is an error in their statement.

Use of a Qualified Custodian

A separate account is maintained for you with the "Custodian" (also referred to as a "Qualified Custodian" under the SEC's Custody Rule). You will be provided with at least a quarterly statement from the custodian containing a description of all activity in your account. You will receive, through confirmation from the custodian, a notice of all transactions in your account.

Our investment advisory clients will receive no less than quarterly statements detailing account activity, holdings and balances from the Custodian.

You should carefully review the statements you receive from the Custodian against any personal knowledge you have of your account(s) and any information provided to you by our Firm. This will assist you in determining whether or not, account transactions, advisory fees and otherwise are accurate.

Third-Party Standing Letters of Authorization

AAP may be deemed to have custody of certain client accounts when a client establishes a standing letter of authorization or other standing instruction permitting transfers to a third party. Whether custody exists depends on the authority granted and the structure of the arrangement. AAP reviews these arrangements to determine the applicable Custody Rule treatment. Where available and appropriate, AAP follows conditions designed to protect client assets, including written client instructions provided to the qualified custodian, verification of receiving-account information, limits on AAP's ability to change the instruction, transfer notices or confirmations sent by the custodian, periodic custodial statements, recordkeeping, and periodic review of standing instructions. If an arrangement does not qualify for an available exception or no-action position, AAP applies the safeguards otherwise required by Rule 206(4)-2, which may include an annual surprise examination.

Personal Trustee Services

AAP may permit a Supervised Person, in a personal capacity, to serve as trustee, executor, attorney-in-fact, or in another fiduciary or account-control role for a client. These roles can cause AAP to be deemed to have custody when the authority arises from or is connected with the person's advisory relationship with the client. AAP reviews each arrangement based on its facts, including the source and scope of the authority, the person's relationship to the client, and the ability to withdraw or transfer assets. AAP requires written approval, records the arrangement, applies supervisory and transaction-review controls, and confirms that assets are maintained with a qualified custodian that sends statements directly to the client or other appropriate recipient. If the arrangement results in custody and no exception applies, AAP arranges for the safeguards required by Rule 206(4)-2, which may include an annual surprise examination. Clients should carefully review custodial statements and confirmations and promptly report any unauthorized or unexplained activity.

Bill-Payment Services

AAP may provide an optional service that assists a client with paying bills or directing payments from the client's account. The authority granted for this service may cause AAP to be deemed to have custody if AAP or a Supervised Person can withdraw client funds or direct payments to third parties. AAP limits this service to the authority granted in the client's written agreement or authorization and uses controls that may include approved payee information, verification of new or changed payment instructions, segregation of duties, transaction limits, supporting documentation, supervisory review, recordkeeping, and direct custodial statements or transaction confirmations to the client. AAP evaluates each bill-payment arrangement under the Custody Rule and applies any required safeguards, including a surprise examination when required and no applicable exception is available.

General Partner to Private Funds

AAP or a related person serves as general partner, managing member, or in another capacity that gives AAP or the related person authority over the assets of certain private funds. As a result, AAP is deemed to have custody of those fund assets under Rule 206(4)-2.

For an applicable pooled investment vehicle, AAP may seek to satisfy the Custody Rule through the annual-audit provision by having the fund's financial statements audited by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board and distributing the audited financial statements to fund investors within the period required by the rule. If a fund does not rely on or qualify for the annual-audit provision, AAP will use another method permitted by the Custody Rule, which may include maintaining assets with a qualified custodian, arranging for required account statements, and undergoing an annual surprise examination by an independent public accountant. The method used for a particular fund depends on its structure, custody arrangements, and applicable Offering Documents.

Item 16. Investment Discretion

AAP is granted the authority to exercise discretion on behalf of the majority of its clients. AAP is considered to exercise investment discretion over a client's account if it can arrange and affect transactions for the client without first having to seek the client's prior approval. AAP is given this authority through a limited power-of-attorney included in the Investment Advisory Agreement between AAP and the client. AAP does not take discretion authority unless and until the client has executed the applicable advisory agreement granting such authority. Clients are free to request a limitation on this authority (such as certain securities not to be bought or sold). AAP takes discretion over the following activities:

- The securities to be purchased or sold
- The amount of securities to be purchased or sold; and
- When transactions are made

This authorization does not grant AAP or its Financial Advisors the right to withdraw or direct the withdrawal of any funds or securities from clients' advisory account(s) except as specifically authorized by the client for deduction of advisory fees or in connection with standing letters of authorization executed by the client. Any limitation to the trading authorization that the client wishes to impose must be submitted in writing by the client and agreed to by the client's AAP Financial Advisor or the relevant External Manager.

Item 17. Voting Client Securities

AAP in general will not accept the authority to vote, nor advise how to vote, proxies for securities held in client accounts. Proxies are sent directly to you from the company or via your custodian either by mail or electronically depending on how you set up your account.

When exceptions are made and we do vote proxies on behalf of certain clients, the following policy is in place to meet our obligations:

Proxy Voting Policy

When a Registered Investment Adviser retains the power to vote on proposals presented to shareholders through the proxy solicitation process we understand it is an important part of the adviser's responsibility, recognizing that certain proposals, if implemented, can have an impact on the market valuation of portfolio securities and that in such situations the right to vote is considered an asset.

This Proxy Voting Policy is designed to ensure that proxies for which AAP has accepted voting authority, including those where the client has significant holdings to potentially impact the outcome, are voted solely in the economic best interest of the beneficiaries of these investments.

AAP has engaged Broadridge's ProxyEdge App to automate proxy voting. The Chief Compliance Officer is responsible for oversight of the proxy voting process. AAP's policy on voting is almost always to vote with management's recommendations as we hold these securities because we have trust in the competence and decision making of the company or fund's management and board of directors.

Almost all proxy voting is electronic and paperless in ProxyEdge but can require some voting by incoming paper ballots as an exception. The Chief Compliance Officer monitors the proxy voting in ProxyEdge and reviews votes regarding "Say on Pay" and "Golden Parachute" ballots to ensure votes are in the clients' best interest.

While we retain full authority to vote proxy ballots, if a client requests AAP to follow specific voting guidelines, we will review the request and inform the client if AAP is not able or willing to follow the client's request.

For questions regarding proxies and for additional details regarding our proxy procedures, please contact our office at 646-777-1823 or by email at: compliance@araxadvisorypartners.com.

Class Action Lawsuits

Securities held in client accounts may become subject to class action lawsuits or settlements. Unless AAP separately agrees in writing to provide class-action services, AAP does not monitor class actions, evaluate a client's eligibility to participate, submit claims, pursue recoveries, or initiate litigation on a client's behalf. Clients are responsible for reviewing notices they receive and deciding whether to participate or seek assistance from another service provider or legal counsel.

Item 18. Financial Information

We are required in this Item to provide you with certain financial information or disclosures about our financial condition. We do not require the prepayment of over $1,200, per client, six or more months in advance. Additionally, we do not have any financial commitments that impair our ability to meet contractual and fiduciary commitments to clients. AAP has not been the subject of a bankruptcy petition.