

Form ADV Part 2A
Investment Advisor Brochure

Item 1. Cover Page

Name of Registered Investment Advisor	Sherman Asset Management, Inc.
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Phone Number	(805) 655-5062
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Date of Brochure as Last Revised	November 3, 2025

This Form ADV Part 2A (Investment Advisor Brochure) gives information about Sherman Asset Management, Inc. and its business for the use of clients and prospective clients. If you have any questions about the contents of this brochure, please contact Sherman Asset Management, Inc. using one of the methods listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration is mandatory for all persons meeting the definition of investment advisor and does not imply a certain level of skill or training.

Additional information about this firm is available on the SEC’s website at: www.adviserinfo.sec.gov.

Item 2. Material Changes

The purpose of this section is to discuss only material changes since the last annual update of Sherman Asset Management, Inc. Investment Advisor Brochure. The last annual update was February 9, 2024. If you would like another copy of this Brochure, please download it from the SEC website at www.adviserinfo.sec.gov or you may contact Sherman Asset Management, Inc. at (805) 655-5062 or at Roy@shermanassetmgmt.com.

Summary of Material Changes:

- Item 4 – Advisory Business – Updated to include language regarding SAM’s services performed on behalf of a private fund.
- Item 5 – Fees and Compensation – Updated to provide information regarding SAM’s fees associated with its private fund investment management services and its removal of hourly financial planning fees from its services.
- Item 6 – Performance-Based-Fees and Side-By-Side Management – Updated to information regarding SAM’s performance fees associated with its private fund investment management services, and conflicts associated with side-by-side management.
- Item 10 – Other Financial Activities and Affiliations – Updated to include disclosures and conflicts of interest related to SAM’s private fund investment management services.

Our previous version of Form ADV Part 2A was dated February 14, 2025. Our prospective clients are strongly encouraged to read this brochure in its entirety prior to engaging SAM.

Delivery:

Within 120 days of SAM’s fiscal year-end SAM will deliver its annual Summary of Material Changes if there have been material changes since the last annual updating amendment.

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Item 4. Advisory Business

Advisory Firm

Sherman Asset Management, Inc. has been in business since February 2014. Roy Sherman is the founder and President and has been in the financial services industry since 2014. Roy Sherman owns 100% of Sherman Asset Management, Inc.

Advisory Services

Sherman Asset Management, Inc. ("SAM") provides financial planning and asset management services for individuals, trusts, and businesses. For prospective clients who do not require continuous supervisory services SAM offers consulting arrangements for a negotiated fee based upon the scope of the consultation.

As of October 31, 2025, Sherman Asset Management, Inc. has \$140,561,635 of assets under supervision on a discretionary basis.

Services are based on the individual needs of the client. An initial interview and data gathering questionnaire is undertaken to determine the client's personal goals, investment objectives, and financial resources, and to give the client the opportunity to impose reasonable restrictions on the management of the account. Clients have the ability to leave standing instructions with the Investment Advisor Representative ("IA Rep") to refrain from investing in particular securities or types of securities, or invest in limited amounts of securities.

Quarterly the IA Rep will notify the client in writing to contact the IA Rep if there have been any changes in the client's financial situation or investment objectives, or to impose or modify account restrictions. The IA Rep will contact or attempt to contact the client annually on these matters. It is the client's responsibility to notify the IA Rep at any time there are changes. Clients may call in at any time during normal business hours to discuss directly with the IA Rep about the client's account, financial situation, or investment needs. Clients will receive from the custodian/brokerage firm timely confirmations and at least quarterly statements containing a description of all transactions and all account activity. The client will retain rights of ownership of all securities and funds in the account to the same extent as if the client held the securities and funds outside the program.

Financial Planning Services

The goal of these services is to identify personal goals, investment objectives, and financial resources of the client. Based upon the client interview, questionnaire, and client profile SAM will supply ongoing recommendations to align the personal goals, investment objectives, and financial resources with one another. The process of these services typically includes:

- a. Understanding the client's personal and financial circumstances;
- b. Identifying and selecting goals;
- c. Analyzing the client's current course of action and potential alternative course(s) of action;
- d. Developing recommendations
- e. Presenting the recommendations
- f. Assisting with the implementation of recommendations (if requested by the client); and/or
- g. Monitoring progress and updating plan.

The client retains the sole responsibility for determining whether to implement any recommendations made by SAM. There is no requirement that the client implement any recommendations through SAM. The client

should understand that the recommendations represent a conflict of interest since SAM will receive fees, compensation or other concessions for the performance of Asset Management Services (see below). The client always has the right to select any advisory firm, insurance agency or representative to implement the advice and recommendations provided by SAM and/or its IA Rep.

Asset Management Services

Asset Management Services entail the continuous discretionary management of the client's investment account(s). The client may elect to have all, a portion, or none of its investment accounts managed while receiving Financial Planning Services.

As part of its SAM's Asset Management Services, SAM will provide clients with reviews and analysis as to annuities, life insurance, long-term personal care, and disability offerings through SS&C Advent Insurance Marketplace (the "Marketplace"), which integrates DPL Financial Partners' ("DPL's")¹ fee-only insurance technology platform. As part of the Service, SAM will evaluate commission-free products believed to be in the client's best interest and open policies as may be needed. It will be at the client's discretion as to whether an annuity or insurance product is purchased or not. SAM will also leverage the Marketplace's custodial data feed to access enhanced insurance reporting within the platform. This integration allows SAM to provide clients a complete financial picture with a full reconciliation of accounts, including position and transaction data, fee calculations and robust reporting. SAM does not receive any monetary compensation or other incentive from the Marketplace or DPL for participating in the Marketplace or for recommending their products to clients. However, as a fee-only investment adviser, SAM charges for this Service as a percentage of assets under management as further disclosed in Item 5 below.

Affiliated Pooled Investment Vehicles

SAM provides discretionary investment management services to an affiliated pooled investment vehicle, Signal 7 Tactical Sentiment Fund LP (the "Fund"). Signal 7 Capital Management LLC ("S7CM"), an affiliate of SAM, serves as the general partner with respect to the Fund and SAM serves as the investment manager with respect to the Fund.

Interests in the Fund typically will be offered and made available primarily to applicable advisory clients of SAM (subject to suitability and eligibility determinations and requirements), but interests in the Fund may also be offered or made available to other persons and entities (including non-advisory clients) in the sole discretion of the S7CM.

Interests in the Fund are privately offered only to eligible clients and other investors pursuant to exemptions under the Securities Act of 1933, as amended, and the regulations promulgated thereunder, and other applicable securities laws. The Fund is not registered as an investment company pursuant to or in accordance with one or more specific exclusions from the definition of investment company under the Investment Company Act of 1940, as amended.

SAM recommends investments in the Fund to certain of its advisory clients and such clients may elect to subscribe for interests in the Fund. SAM faces various conflicts of interest in connection with making such

¹ DPL is an unaffiliated third-party that provides commission-free annuity and insurance products. DPL is licensed as an insurance producer. Its representatives are also licensed as insurance producers, appointed as insurance agents of the insurers offering their products through the platform, and registered representatives of The Leaders Group, Inc., an unaffiliated SEC-registered broker-dealer and FINRA member.

recommendations to clients. See Item 6, Item 8 and Item 10.

As a matter of practice, a private placement memorandum or a similar offering document with respect to each Fund typically will be provided or made available to prospective investors in such Fund, which generally includes various disclosures and information regarding the Fund, the investment objective and strategies of such Fund and other matters. Prospective investors should review the information and disclosures set forth in the applicable offering documents of a Fund for detailed information regarding such Fund, and any disclosures or information set forth in this Brochure.

The Fund is managed in accordance with the investment objectives, policies, strategies, guidelines and limitations set forth in the applicable private placement memorandum, limited partnership agreement and other governing documents of the Fund.

Investors generally are not permitted to impose restrictions or limitations on the management or operations of the Fund. Notwithstanding the foregoing, S7CM may enter into side-letter agreements or similar arrangements with one or more investors in the Fund that have the effect of establishing rights under, or altering, modifying, waiving or supplementing the terms of, the governing documents of the Fund in respect of such investor(s). Among other things, these agreements may entitle an investor in a Fund to lower fees, information or transparency rights, most favored nations status, notification rights, rights or terms necessary or advisable in light of particular legal, regulatory or public policy considerations of or related to an investor and/or other preferential rights and terms. Any rights established or any terms of the governing documents of such applicable Fund altered or supplemented in or by a side-letter or similar arrangement with an investor will govern solely with respect to such investor notwithstanding any other provision of the governing documents of such applicable Fund related thereto.

Item 5. Fees and Compensation

Financial Planning

SAM generally charges a fixed fee for its financial planning services (“FP Fee”). SAM’s fees vary and are dependent upon the scope and complexity of the requested services and are specified as part of the client’s agreement. These rates can be negotiated based on the sole discretion of SAM.

Clients receiving “one-time” services are generally assessed a fixed fee. Generally, rates range from \$1,000 to \$10,000 on a fixed fee basis. Fifty percent (50%) of such fee shall be paid in advance; and the remaining 50% shall be paid at the time of delivery of the plan. Client understands that the “one-time” Planning relationship will terminate upon delivery of a written financial plan to Client.

Payment methods for FP Fees may include direct debiting of the client’s custodial accounts or automated clearing house (“ACH”), or credit card payments. SAM will recommend which payment method is most advisable for the client based upon the client’s circumstances. For ACH and credit card payment, SAM utilizes the services of an unaffiliated third-party vendor for the collection of financial planning fees. At SAM’s sole discretion, a client’s financial planning agreement may be amended to increase or lower SAM’s FP fees.

Asset Management Services

For the performance of its Asset Management Services, SAM shall receive an annualized percentage of assets under management (“AUM Fee”). The AUM Fee is assessed at a flat rate of seventy-five basis points (0.75%) of the Client’s assets under management (“AUM”) held in the Client’s Account(s), including cash and cash equivalents. Such AUM Fee assessed will be subject to a three-thousand-dollar

(\$3,000) annual minimum.

For clients who have elected to engage SAM for both Financial Planning Services and Asset Management Services, SAM shall receive an AUM Fee of 0.75% of the Client's AUM held in the Client's Account(s), including cash and cash equivalents. The client is still charged a one-time financial planning fee at the beginning of the relationship, whether or not they choose to engage SAM for Asset Management Services. At SAM's sole discretion, a client's agreement may be amended to increase or lower the AUM Fee.

Certain "legacy clients" will have a fee schedule and/or billing practices that differ from those disclosed herein. Legacy clients are those clients that had a pre-existing arrangement with an investment adviser representative before the investment adviser representative became registered with SAM.

AUM Fee is payable quarterly, in arrears. The first AUM Fee payment is assessed and due at the end of the first calendar quarter following the Effective Date and will be assessed pro rata in the event the Agreement is executed at any time other than the first day of the current calendar quarter. If the minimum fee applies during the first quarter then the minimum fee will also be calculated on a pro rata basis. For example (if there are 62 business days in a calendar quarter and the account was managed for 31 business days then the minimum fee would be \$375 (One-quarter of the minimum annual fee of (\$750) multiplied by 31 divided by 62). Subsequent AUM Fee payments are due and will be assessed on the first day after the end of each calendar quarter based on the average daily value of the Account(s)' AUM during that quarter.

The average daily balance for each account is determined by calculating the total dollar value for every business day during the previous quarter. All account balances for the previous quarter are then added together and divided by the number of business days in the quarter. The fee is then calculated by multiplying the average daily balance of the account by 18.75 basis points (e.g., one-fourth of the annual rate of 0.75%). Market value is determined by looking at the quarter-end Net Asset Value ("NAV") of the Client's accounts. In determining the NAV, SAM typically utilizes the "trade date" (i.e., the day securities are bought) as opposed to the settlement date (i.e., the date securities settle within the Client's Account) for valuation purposes. The NAV is provided to the Company by "Black Diamond" a management software program which pulls its data from the Client's custodian. Should the NAV provided by Black Diamond differ from the NAV specified by the Client's custodian, the Company will utilize the NAV provided by Black Diamond for billing purposes. In limited circumstances, when required by the record keeper or custodian, the market value of the Client's account on the last day of the billing period shall be used to calculate the AUM Fee.

In the event SAM's services are terminated mid-quarter, any owed fees are immediately due, and any paid, unearned fees will be promptly refunded to the Client. The number of days the Account was managed during the quarter until termination is used to determine the percentage of the management fee earned (based on the total number of business days in the quarter). These fees are still subject to the account minimum multiplied by the number of days in the quarter prior to termination.

The AUM Fee will be deducted from the client's account by the custodian as soon as practicable following the end of each applicable period. At times, if requested by the client and in SAM's sole discretion, SAM will invoice the client directly for fees as opposed to debiting the client's account. The custodian will provide quarterly account statements to the client that will show all disbursements for the custodian account, including the amount of the advisory fees. If advisory fees are deducted from client accounts SAM will deliver a separate statement to the client and custodian indicating the amount of the deduction attributable to advisory fees. It is the client's responsibility to verify the accuracy of the fee

calculation. The custodian will not determine whether the fee is properly calculated.

These fees are for advisory services only and do not include any transaction fees or commissions, which may be charged separately by the broker/dealer custodial firm. See the section heading **Brokerage Practices** for more information.

If the account does not contain sufficient funds to pay advisory fees, SAM reserves the right to sell or redeem securities in sufficient amounts to pay advisory fees.

Fees are not collected for services to be performed more than six months in advance.

Advisory services similar to those offered by this advisor, may be found elsewhere at lower rates.

In addition to fees paid for advisory services with respect to clients' investments in mutual funds and exchange traded funds ("Investment Funds"), clients pay additional fees on the Investment Funds because the Investment Funds also pay advisory and/or management fees to an investment advisor.

Financial Planning and Asset Management Services will continue until either party terminates the advisory agreement on seven (7) days written notice.

If termination occurs prior to the end of a calendar quarter, the client will be invoiced for fees due on a pro-rata basis.

The advisory agreement contains a pre-dispute arbitration clause. The client understands that the agreement to arbitrate does not constitute a waiver of the right to seek a judicial forum where such a waiver would be void under the federal securities laws. Arbitration is final and binding on the parties.

Fund Fees and Expenses

SAM and its affiliates generally are entitled to receive management fees and carried interest distributions (and reimbursement of expenses) from the Fund, which fees ultimately are borne by the applicable investors in such Fund. If a client of SAM elects to invest in a Fund, such client will be subject to the management fees and carried interest distributions payable to SAM and its affiliates with respect to such Fund and such fees will be in addition to, and separate and apart from, the advisory and other fees payable by such client pursuant to its investment advisory agreement with SAM. As a result, SAM has an incentive to recommend investments in the Fund to SAM clients. Information regarding the management fees and carried interest distributions applicable to the Fund is set forth in the applicable offering and governing documents of such Fund and the information set forth below is qualified in its entirety by the information in the applicable offering and governing documents:

A. Fund Management Fees

With respect to the Fund, SAM generally is entitled to receive a monthly management fee, calculated at an annual rate of 1.00% (0.0833333% per month), of the Fund's assets under management, which is comprised of the total amount in each investor's capital account. Each investor in a Fund generally bears its allocable share of the management fee payable by such Fund. Management fees with respect to the Fund generally are payable to SAM monthly in arrears. The management fees with respect to any investor in a Fund may be waived, reduced or calculated differently, and the right of SAM to receive the management fees may be assigned to any person.

B. Fund Expenses

Subject to the terms and conditions set forth in the applicable governing documents, the Fund is generally responsible and reimburses its general partner, SAM and their respective affiliates for its own expenses, including, but not limited to: (i) management fees; (ii) all general investment expenses (i.e., exchange commissions and expenses, brokerage commissions, research expenses, data processing costs and expenses, bank service fees, interest expenses, borrowing charges, custodial expenses, outsourced risk management advisory and software, investment-related consultants and travel costs that are research-related and other investment expenses); (iii) all administrative, legal, accounting, auditing, record-keeping, tax form preparation, compliance, and consulting costs and expenses; (iv) all fees, costs and expenses related to middle office operations which may include daily reconciliation of cash, cost, positions, and valuations; (v) fees, costs, and expenses of third-party service providers that provide such services; (vi) costs and expenses associated with preparing investor communications, printing, and mailing costs; (vii) insurance costs and expenses (e.g., for the assets of the Fund, D&O, E&O); (viii) marketing and syndication expenses; (ix) taxes and other governmental charges; (x) governmental licensing, filing, and exemption fees (including Blue Sky filing fees); (xi) indemnification obligations; (xii) all expenses (including reasonable attorneys' fees) incurred in connection with any threatened, pending, or anticipated litigation, U.S. Internal Revenue Service ("IRS") examination or audit, or similar audit or examination by any state or local taxing authority, or other legal proceeding; (xiii) organizational expenses; and (xiv) any extraordinary expenses.

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

SAM regularly recommends investments in the Fund to certain advisory clients. By investing in the Fund, a client generally will become subject to additional fees (in the form of management fees) payable to SAM and its affiliates by or with respect to such Fund. As a result of the potential for these additional fees, SAM has a financial incentive to recommend investments in the Fund to its advisory clients and any such recommendation involves a conflict of interest. Additionally, performance-based allocations could motivate SAM and other persons to make investment decisions (or recommend investments) that are riskier or more speculative than would be the case if these arrangements were not in effect. S7CM may receive a performance-based allocation of 20% based on the Fund's investment gains. This performance allocation is only earned if: (i) the Fund's net return is greater than 8%; and (ii) the Fund's value for a particular investor's account is higher than its previous highest value after accounting for past performance allocations. In other words, the S7CM only earns performance-based compensation when the Fund both exceeds the 8% return threshold and achieves a new high in value for that investor's account. The method of calculating performance-based compensation arrangements raises potential conflicts of interest with respect to the management and disposition of investments, including the sequence of dispositions.

To address these conflicts, SAM provides up-front disclosures regarding such compensation conflicts of interest to prospective investors and clients in the offering and governing documents of the fund. Additionally, SAM and its employees are mindful of the fiduciary duties owed to all advisory clients. The Fund provides disclosures regarding material risk factors and conflicts of interest to all prospective investors and each investor is responsible for determining whether to subscribe for interests in the Fund.

Side-by-side management of an account that may pay a performance fee with other accounts can in some circumstances create conflicts of interest. For example, an adviser that receives a performance fee for one account might have an incentive to devote more attention to investment decisions for that account, allocate more favorable investment opportunities to that account, and/or take greater investment risks in that account. In practice, SAM seeks to avoid favoring any single account, including an account paying a performance fee,

over other accounts. SAM periodically reviews and compares the performance of client accounts managed under similar strategies to seek to ensure that any material dispersion is attributable to reasonable causes without favoring particular accounts over the long term. As a control, SAM has adopted a policy pursuant to which it seeks to allocate investment opportunities among advisory clients, including its Fund, in a fair and equitable manner, bearing in mind, among other things, the size, investment objectives, mandate or policies, risk tolerance, return targets, projected hold periods, diversification considerations, permissible and preferred asset classes, and liquidity needs of each advisory client. SAM's policies prohibit the allocation of investment opportunities based on anticipated compensation to SAM. Each advisory client typically has its own investment guidelines, governing agreements, and geographical and industry focus that must be taken into account when making investment allocation determinations. Final allocation decisions are under the purview of SAM.

Item 7. Types of Clients and Account Minimums

SAM provides advisory services to individuals, pension and profit sharing plans, trusts, estates, and business entities.

There is no minimum account size for Asset Management Services, however, SAM charges a minimum fee of \$3,000 annual fee (or \$750 per quarter).

To invest in the Fund managed by SAM, each investor generally is required to certify that it is, among other things, a "qualified purchaser", as such terms are defined under applicable U.S. securities laws. In general, the minimum initial capital commitment for an investor in the Fund will be \$250,000, or such lesser amount accepted by the Fund's general partner in its discretion.

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

SAM uses asset allocation strategies for portfolio management, as well as tactical shifts based upon the analysis of recent price movements in ETFs and/or individual stocks.

While there is risk in all investments, some carry a greater degree of risk or higher costs. There is no guarantee that the investment strategy selected for the client will result in the client's goals being met, nor is there any guarantee of profit or protection from loss. For those investments sold by prospectus, clients should read the prospectus in full.

Securities markets fluctuate substantially over time. All investments in securities include a risk of loss of money invested (principal) and any unrealized profits (i.e., profits in the account that have not been liquidated, sometimes called "paper profits"). In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets SAM manages that is out of its control. SAM cannot guarantee any level of performance or that clients will not experience a loss of account assets.

SAM does not represent, warrant, or imply that the services or methods of analysis used by SAM can or will predict future results. Further, no promises or assumptions can be made that the advisory services offered by SAM will provide a better return than other investment strategies.

Varied fluctuations in the price of investments are a normal characteristic of securities markets due to a variety of influences.

SAM is disclosing those risks and opportunities for tactical shifts in client portfolios.

- By timing the buys and sells, SAM endeavors to control the risks. Timing the markets has its own set of risks.
- There are tax consequences for short-term trading wherein capital gains are taxed as ordinary income.
- The tactics, in execution, may include a non-diversified approach.
- The tactics are based upon statistical back-testing, which does not guarantee future investment results.
- The tactics involve frequent trading which can erode performance through increased transaction costs and frictional costs of trading in markets.

There are certain additional risks associated with the securities recommended and strategies utilized by SAM including, among others:

- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Sector Risk** – The chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- **Non-Diversification Risk** – The risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- **Equity (stock) Market Risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If client held common stock, or common stock equivalents, of any given issuer, client would generally be exposed to greater risk than if client held preferred stocks and debt obligations of the issuer.
- **Fixed Income Risk** – When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **Interest Rate Risk** – The chance that prices of fixed income securities will decline because of rising interest rates. Similarly, the income from fixed income securities may decline because of falling interest rates.
- **Reinvestment Risk** – The risk that interest and principal payments from a bond will be reinvested at a lower yield than that received on the original bond. During periods of declining interest rates, bond payments may be invested at lower rates; during periods of rising rates, bond payments may be invested at higher rates.
- **Management Risk** – Client's investment with the Firm varies with the success and failure of the investment strategies, research, analysis and determination of portfolio securities. If the investment strategies do not produce the expected returns, the value of the investment will decrease.
- **Opportunity Cost Risk** – The risk that an investor may forego profits or returns from other investments.
- **Margin Risk** - When purchasing securities, the securities may be paid for in full, or it is possible to borrow part of the purchase price from the client's account custodian or clearing firm. If borrowing funds in connection with the client account, the client will be required to

open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to the client. If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in the account. The brokerage firm may issue a margin call and/or sell other assets in your account. It is important that each client fully understand the risks involved in trading securities on margin, which are applicable to any margin account that clients maintain. These risks include the following: (i) the client can lose more funds than deposited in the margin account; (ii) the account custodian or clearing firm can force the sale of securities or other assets in the account; (iii) the account custodian or clearing firm can sell the client's securities or other assets without contacting the client; (iv) the client is not entitled to choose which securities or other assets in the margin account may be liquidated or sold to meet a margin call; (v) the account custodian or clearing firm may move securities held in a cash account to the margin account and pledge the transferred securities; (vi) the account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and they are not required to provide the client advance written notice; and/or (vii) the client is not entitled to an extension of time on a margin call.

- Options Risk - Below are some of the main risks associated with investing in options:
 - When writing covered call options to produce income for a client's account, there may be times when the underlying stock is "called" (call option contract exercised or assigned) by the investor that purchased the call option. That means the client would be required to sell the underlying security at the exercise (pre-determined) price to that investor.
 - Clients may be required to open a margin account in order to invest in options, which carries additional risks (see above for details) and could result in margin interest costs to the client.
 - Option positions may be adversely affected by company specific issues (the issuer of the underlying security) which may include but are not limited to bankruptcy, insolvency, failing to file with regulatory bodies, being delisted, having trading halted or suspended, corporate reorganizations, asset sales, spin offs, stock splits, mergers and acquisitions. In addition, market related actions, political issues, and economic issues may adversely affect the option market. These factors could restrict, halt, suspend, or terminate option positions written (sold) or purchased.
 - Changes in value of the option may not correlate with the underlying security, and the account could lose more than principal amount invested.
 - Options involve risk and are not suitable for all clients. Therefore, a client should read the option disclosure document, "Characteristics and Risks of Standardized Options", which can be obtained from any exchange on which options are traded, at www.optionsclearing.com, or by calling 1-888- OPTIONS, or by contacting your broker/custodian.
- Private Fund Investments - An investment in the Fund involves a high degree of risk, including the risk that the entire amount invested may be lost. The Fund invests in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. No guarantee or representation is made that the Fund's program will be successful. The Fund's investment program may utilize investment techniques, the use of which can, in certain circumstances, maximize the adverse impact to which the Fund may be subject.
- Valuation Risks - SAM may make or recommend investments to Fund clients in companies that are not traded on a recognized securities exchange ("Private Investments"). All securities and assets for which there is no trading market will be assigned such value as S7CM may in good faith determine. Some of the Fund's positions may be difficult to value. The uncertain and fluctuating nature of the

valuations of such positions means that the value determined by S7CM may, from time to time, materially misstate actual and/or realizable value. There can be no assurance that these valuations will be accurate, despite forming the basis on which investors invest in or withdraw from the Fund (as well as the basis for Performance Allocation calculations).

- Performance Allocation to the General Partner - S7CM is entitled to receive a Performance Allocation, based upon the net capital appreciation, if any, allocated to the Fund investors' capital account. The performance allocation may create an incentive for SAM to make investments that are riskier or more speculative than would be the case if such arrangement were not in effect. In addition, because the performance allocation is calculated on a basis which includes unrealized appreciation of the Fund's assets, it may be greater than if such compensation were based solely on realized gains.

The foregoing risks do not purport to be a complete description of all the risks associated with SAM's investment advisory and fund management services.

Item 9. Disciplinary Information

An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel. SAM does not have any disclosure items.

Item 10. Other Financial Industry Activities and Affiliations

To the extent SAM determines in its sole discretion that investment in the Fund is suitable and appropriate for clients, subject to the applicable eligibility requirements of such Fund, a conflict of interest exists in that SAM and its affiliates generally are entitled to receive management fees and carried interest distributions and reimbursement of expenses from or with respect to the Fund (payable at the Fund level), which ultimately are borne by the investors in such Fund. In light of these additional fees, SAM has a financial incentive to recommend investments in the Fund to its advisory clients. Further, as discussed above, principals and executive officers of SAM, are, among other entities, the owners of S7CM, a private fund manager that serves as the general partner of, and provides other services to, the Fund. Activities on behalf of S7CM and its clients will take up a portion of the principal's business time. Additionally, because the principals have financial interests in S7CM, the Fund and SAM, the principals and others associated with SAM have financial incentive to recommend that SAM clients invest in the Fund as opposed to other pooled investment vehicles for which neither SAM nor its principals receive any remuneration. To address such conflicts, SAM provides full and fair disclosure to its clients. SAM and the principals additionally are mindful of the fiduciary duties they owe to all of their advisory clients. Additionally, to subscribe for an interest in the Fund, each investor will be required to complete and execute various subscription documents, pursuant to which it will, among other things, acknowledge, consent and agree to various applicable actual or potential conflicts of interest that are or may be applicable with respect to such Fund (including SAM's recommendation of investments in the Fund to advisory clients).

Neither SAM nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Further, neither SAM nor its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities. Moreover, SAM does not have any relationship or arrangement that is material to its advisory business or to its clients. SAM does not recommend or select other investment advisers for clients in exchange for compensation from those advisers.

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

Code of Ethics

SAM maintains a Code of Ethics. The Code of Ethics sets forth standards of conduct expected of advisory personnel; requires compliance with federal securities laws; and, addresses conflicts that arise from personal trading by advisory personnel. Clients may request a copy of the Code of Ethics.

Personal Trading

At times SAM and/or its IA Rep will take positions in the same securities as clients, and we will try to avoid conflicts with clients. The firm and its IA Rep will generally be “last in” and “last out” for the trading day when trading occurs in close proximity to client trades. We will not violate our fiduciary responsibilities to our clients. SAM and/or its IA Rep will participate in block trades with clients, and will also participate on a pro rata basis for partial fills, but only if clients receive fair and equitable treatment. Scalping (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

Item 12. Brokerage Practices

Selection or Recommendation of Broker/Dealers

For SAM’s Asset Management Services it is required that clients implement trades and maintain custody of assets through Charles Schwab. The selection is made on the discount rates, execution services, and technology available to the client. Clients may pay transaction fees to Charles Schwab for trades executed. Charles Schwab provides clients with consolidated statements. A complete commission schedule is published at <https://www.schwab.com/pricing> for Charles Schwab.

SAM is not affiliated with Charles Schwab. The IA Rep of the firm is not a registered representative of Charles Schwab and does not receive any commissions or fees from recommending these services.

As discussed in Item 4 above, SAM provides clients access to commission-free annuity products through DPL, which negotiates commission-free annuity and insurance products with participating insurance companies on their platform. These products are offered through DPL Financial Partners’ broker-dealer, The Leaders Group, Inc., a member of FINRA/SIPC, and an independent, unaffiliated SEC-registered broker-dealer.

Soft Dollar Practices

Not applicable.

Client Referrals from Brokers

Not applicable.

Directed Brokerage

SAM does not allow clients to direct brokerage to broker-dealers other than the custodians typically used by the firm for trade execution. Not all advisers require clients to direct brokerage to the brokerage firm typically used by the adviser. As discussed below, the firm has a fiduciary duty to seek best execution and act in the clients' best interests.

Trade Aggregation

SAM uses the trade aggregation services offered by custodians recommended by the firm. Neither SAM nor its clients pay additional fees for trade aggregation services.

Item 13. Review of Accounts and Reports on Accounts

Reviews

SAM monitors the individual investments under Asset Management Services each business day. Portfolio performance is reviewed on a quarterly basis at a minimum. SAM supervisory service program clients a portfolio review meeting on an annual basis at a minimum.

The account reviews are performed by the client's IA Rep. The Chief Compliance Officer monitors the portfolios for investment objectives and other supervisory review.

Reports

All clients receive standard account statements from its custodian. Asset Management Services clients may access their performance as of the last business day at any time.

With respect to the Fund, SAM or an affiliate provides investors in such Fund with periodic account statements, annual financial statements audited by the independent public accounting firm of such Fund, Schedules K-1 and other tax information and reports reasonably requested by investors from time to time. SAM or an affiliate may from time to time provide or furnish other reports, statements, information and notices to investors in the Fund.

Item 14. Client Referrals & Other Compensation

Referral Fees Paid

SAM has entered into a solicitation agreement in which it compensates a third-party intermediary for client referrals, whether or not the referral becomes a client. The third-party intermediary or SAM discloses this solicitation arrangement to affected investors, and the cash solicitation complies with the SEC Marketing Rule. The cost of the cash solicitation is borne entirely by SAM and not by any affected investor.

Referral Fees Received

Neither SAM nor its related persons have any arrangement, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment, or non-research services) from a non-client in connection with giving advice to clients or directly.

Item 15. Custody

Pursuant to applicable regulations, the firm is deemed to have “constructive custody” of client funds because it has the authority and ability to debit fees directly from the accounts of those clients receiving services. Additionally, certain clients have, and could in the future, sign a Standing Letter of Authorization (“SLOA”) that gives SAM the authority to transfer funds to a third-party as directed by the client in the SLOA. This is also deemed to give SAM custody. Custody is defined as any legal or actual ability by the firm to withdraw client funds or securities. Firms with deemed custody must take the following steps:

- Ensure clients’ managed assets are maintained by a qualified custodian;
- Have a reasonable belief, after due inquiry, that the qualified custodian will deliver an account statement directly to the client at least quarterly;
- Confirm that account statements from the custodian contain all transactions that took place in the client’s account during the period covered and reflect the deduction of advisory fees; and
- Obtain a surprise audit by an independent accountant on the clients’ accounts for which the advisory firm is deemed to have custody.

However, the rules governing the direct debit of client fees and SLOAs exempts SAM from the surprise audit rules if certain conditions (in addition to steps 1 through 3 above) are met. Those conditions are as follows:

- When debiting fees from client accounts, SAM must receive written authorization from clients permitting advisory fees to be deducted from the client’s account.
- In the case of SLOAs, SAM must: (i) confirm that the name and address of the third party is included in the SLOA, (ii) document that the third-party receiving the transfer is not related to the firm, and (iii) ensure that certain requirements are being performed by the qualified custodian.

The qualified custodian that is selected by a client maintains actual physical custody of client assets. Client account statements from custodians will be sent directly to each client to the email or postal mailing address that is provided to the qualified custodian selected by the client. Clients are encouraged to compare information provided in reports or statements received by SAM with the account statements received from their custodian for accuracy. In addition, clients should understand that it is their responsibility, not the custodian’s, to ensure that the fee calculation is correct.

If client funds or securities are inadvertently received by SAM, they will be returned to the sender immediately, or as soon as practical.

SAM encourages clients to raise any questions to the firm about the custody, safety or security of their assets. The custodians SAM does business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

SAM maintains custody for certain client accounts and is engaged with an independent accountant to provide a surprise audit annually.

The Fund has entered into a prime brokerage agreement with Interactive Brokers LLC to serve as the Fund’s prime broker who will clear (generally on the basis of payment against delivery) the securities transactions for the Fund. Pursuant to the terms of the prime brokerage agreement, the services provided by the Fund’s prime broker(s) may include the provision to the Fund of custody, margin financing, clearing, settlement, stock borrowing and non-U.S. exchange facilities. SAM, in its sole discretion, may change custodians, or

change or add prime brokers without notice to investors. Securities transactions are executed by brokers selected by SAM in its sole discretion and without the consent of the Fund.

In placing any portfolio transactions, SAM will seek to obtain the best execution for the Fund, taking into account the following factors: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker; (iv) the quality, comprehensiveness and frequency of available research services considered to be of value; and (v) the competitiveness of commission rates in comparison with other brokers satisfying S7CM's other selection criteria.

We encourage our Clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

Item 16. Investment Discretion

SAM maintains full discretion under a limited power of attorney as to the securities and amount of securities.

SAM will not have authority to withdraw funds or to take custody of client funds or securities, other than under the terms of the Fee Payment Authorization clause in the Advisory Agreement with the client.

Clients will use Charles Schwab's form(s) to designate SAM with limited agent authority, which does not allow fee payment authorization, or with full agent authority, which does allow fee payment authorization.

Item 17. Voting Client Securities

SAM does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page. Further, SAM typically does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.

Item 18. Financial Information

SAM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. SAM does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients, and has not been the subject of a bankruptcy proceeding.