



# Form ADV Disclosure Brochure

January 1, 2024

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This Brochure provides information about the qualifications and business practices of Crossover Capital Brands LLC dba Crossover Capital (“Crossover Capital” or “the Firm”). If you have any questions about the contents of this brochure, please contact us at the telephone number listed above. For compliance specific requests, please call 610-871-1593. 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.

Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm has filed to become an SEC registered investment adviser. Registration does not imply any level of skill or training.

## ITEM 2 - MATERIAL CHANGES

In this Item, Crossover Capital Brands LLC dba Crossover Capital (hereby known as “Crossover Capital” or the “Firm”) is required to discuss any material changes that have been made to the Brochure since the last annual amendment.

Material changes since the previous filing of this brochure include:

- The Firm has amended its Form ADV to update current Assets Under Management.
- Item 10 has been amended relating to activities surrounding outside business activities.
- The Firm has entered into a new custodial relationship with Fidelity Digital Asset Services, LLC.

We will ensure that all current clients receive a Summary of Material Changes and updated Brochure within 120 days of the close of our business’ fiscal year. A Summary of Material Changes is also included with our Brochure on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Crossover Capital is #326625. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Christopher Plummer, Chief Compliance Officer at 610-871-1593 or [chris@tru-ind.com](mailto:chris@tru-ind.com).

**ITEM 3 - TABLE OF CONTENTS**

ITEM 2 - MATERIAL CHANGES..... 2

ITEM 3 - TABLE OF CONTENTS ..... 3

ITEM 4 - ADVISORY BUSINESS..... 4

ITEM 5 - FEES AND COMPENSATION ..... 6

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT ..... 8

ITEM 7 - TYPES OF CLIENTS ..... 8

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS ..... 8

ITEM 9 - DISCIPLINARY INFORMATION ..... 19

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS ..... 19

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING..... 21

ITEM 12 - BROKERAGE PRACTICES..... 23

ITEM 13 - REVIEW OF ACCOUNTS..... 25

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION ..... 26

ITEM 15 - CUSTODY ..... 27

ITEM 16 - INVESTMENT DISCRETION ..... 29

ITEM 17 - VOTING CLIENT SECURITIES..... 29

ITEM 18 - FINANCIAL INFORMATION ..... 30

## ITEM 4 - ADVISORY BUSINESS

### Description of Advisory Firm

Crossover Capital Brands LLC dba Crossover Capital (“Crossover Capital”, the “Firm”, “we”, “our,” or “us”) is a privately owned limited liability company headquartered in Yardley, PA.

Crossover Capital is registered as an investment adviser with the U.S. Securities and Exchange Commission. The Firm was formed in 2023 and is owned by Alexander Pron.

As of December 31, 2023, Crossover Capital managed approximately \$122,298,553 in assets for approximately 258 clients, of which \$105,804,235 are managed on a discretionary basis and \$16,494,318 on a non-discretionary basis.

While this brochure generally describes the business of the Firm, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on the Firm’s behalf and is subject to the Firm’s supervision or control.

### Advisory Services Offered

The Firm offers discretionary and non-discretionary investment management and investment advisory services as well as financial planning and consulting. Prior to the Firm rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with the Firm setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

#### Investment Management Services

The Firm offers continuous and regular investment supervisory services on a discretionary and non-discretionary basis as well as financial planning and consulting. We work with clients and have the ongoing responsibility to select and/or make recommendations based upon the objectives of the client, as to specific securities or other investments that he/she recommends or purchases/sells in clients’ accounts. We utilize a variety of investment types when making investment recommendations/purchases in client accounts which include, but are not limited to equity securities, fixed income securities, alternatives, mutual funds, and independent investment managers. The investments recommended/purchased are based off of the clients’ individual needs, goals, and objectives. The Firm offers investment advice on any investment held by the client at the start of the advisory relationship. We describe the material investment risks under *Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss*. Financial Planning may be provided to clients as a part of the Investment Management Services. When being provided as a separate service it is described in this section under *Financial Consulting Services* below.

We discuss our discretionary authority below under *Item 16 – Investment Discretion*. For more information about the restrictions clients can put on their accounts, see *Tailored Services and Client Imposed Restrictions* in this item below. We describe the fees charged for investment management services below under *Item 5 – Fees and Compensation*.

#### Financial Planning, Consulting and Performance Reporting

The Firm provides a variety of consulting services to individuals, families and other clients regarding their financial resources based upon an analysis of client's current situation, goals, and objectives. Consulting encompasses one or more of the following areas: additional Financial Planning, Performance Reporting, Investment Planning, Retirement Planning, Education Planning, and Business and Personal Financial Planning.

Services provided under an on-going consultation agreement are conducted on a regular basis, but no less than annually with the client. The client is under no obligation to act upon the investment adviser's recommendation. If the client elects to act on our recommendations, the client is under no obligation to effect the transaction through us.

We describe fees charged for Consultation Services below under *Item 5 - Fees and Compensation*.

### *Use of a Third-Party Investment Management Program*

In providing our discretionary management services, the Firm may engage the services of Advyzon Investment Management LLC ("AIM") to manage all or a portion of your assets through its turnkey asset management program (the "Program"). When we do so, we will provide you with a copy of AIM's current Disclosure Brochure, Privacy Policy, and Form CRS ("AIM's Disclosure Documents"). You should read these documents carefully to be sure you understand the Program.

Using information we gather from you, we evaluate your financial situation, investment objectives, financial goals, tolerance for risk, and investment time horizon. This information helps us determine whether your participation in the Program is appropriate for you, and if so, allows us to choose an appropriate Investment Strategy for the management of your assets. Once we choose the Investment Strategy and allocate all or a portion of your assets to the Investment Strategy, AIM will provide ongoing discretionary management of your assets according to the mandate of the Investment Strategy.

Please note that if we engage AIM to manage your assets, AIM will obtain access to your confidential information from us and/or from the custodian of your brokerage account. As stated in our Privacy Policy, we are authorized to share your personal information with third parties as necessary to service your account. Our agreement with AIM includes provisions requiring AIM to hold your information in strict confidence, and to maintain reasonable technological protections, precautions, and safeguards for your information.

### *Outsourced Trading Services*

In providing our discretionary management services, we may engage the services of AIM as an outsourced agent to provide certain operational, administrative, and trading functions. We provide AIM with asset allocation model portfolios and designate the appropriate model portfolio for each client account. We will also define the parameters for the supervision of your account, such as the frequency of rebalancing and allowable drift from asset allocation targets. Once we choose the model portfolio for your account and define parameters, AIM will provide ongoing supervision of your account according to the model portfolio and our defined parameters.

Please note that if we engage AIM to provide ongoing supervision of the trading of your account, AIM will obtain access to your confidential information from us and/or from the custodian of your brokerage account. As stated in our Privacy Policy, we are authorized to share your personal information with third parties as necessary to service your account. Our agreement with AIM includes provisions requiring AIM to hold your information in strict confidence, and to maintain reasonable technological protections, precautions, and safeguards your information.

#### Other Third-Party Services

The Firm has entered into a service agreement with Pontera to provide asset management services for accounts held away from our primary custodial affiliations. Through this, we are able to create a portfolio, consisting of the securities/investment opportunities available depending on the type of held away account being managed by our firm. The Pontera platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. The client's individual investment strategy is tailored to their specific needs and may include some or all of the securities made available. Portfolios will be designed to meet a particular investment goal, determined to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced.

#### Sponsor and Manager of Wrap Program

The Firm does not offer a Wrap Program at this time.

## **ITEM 5 - FEES AND COMPENSATION**

### **Fee Schedule & Billing Method**

Crossover Capital offers services on a fee basis, which may include fixed fees, as well as fees based upon assets under management or advisement.

#### Investment Management Services

The annual management fee for our Investment Management Services, including Financial Planning, is based on the total dollar asset value of the assets maintained in your account. The fee assessed and/or charged is based on what is stipulated in the Investment Advisory Agreement signed by each client. The Firm has an annual minimum fee of \$10,000 which may be waived upon our discretion.

Our annual fee ranges up to 3% annually and is assessed and/or charged monthly in advance, based on the previous month-end value. Inflows and outflows of cash are considered on a prorated basis in this calculation. Fees can be structured in one of the following ways: a fixed flat percentage fee on total assets in the account or a tiered fee schedule whereby the fee is calculated by applying different rates to different levels of assets.

#### Financial Planning, Consulting and Performance Reporting Fees

In addition to the advisory fees paid, the Firm may provide financial planning, consulting, and performance reporting services regarding the management of Client's financial resources, which is based upon an analysis of Client's current personal and financial situations, goals, and objectives. The fee assessed and/or charged is based on what is stipulated in the Investment Advisory Agreement signed by each client. The Firm offers services on a fixed fee basis.

### Third-Party Investment Management Program Fee

If the Firm engages AIM to manage all or a portion of your assets, AIM receives an annual Program Fee up to 0.35% of your assets under management in the Program, including cash and cash equivalents. The Firm will not receive any portion of those fees or share in those fees.

The AIM Fees are dependent on the models and strategies selected by the Advisor and are outlined below:

|                 |              |
|-----------------|--------------|
| tIM Models      | 14 bps       |
| Advisor Created | 10 to 15 bps |
| Nucleus         | 8 bps        |

AIM's Program Fee is combined with our advisory fee and charged using the same method, frequency, and billable market value as described in the fee section of our ADV. Fees for partial billing periods will be prorated based on the number of days in the billing period that the account was under AIM's management.

### Other Fees and Expenses

In addition to the advisory fees paid to the Firm, clients may incur certain charges imposed by other third-parties, such as broker-dealers, custodians, trust companies, platform service providers, banks, and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, reporting charges, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

### **Direct Fee Debit**

Clients generally provide the Firm and/or the Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing account transactions, including any amounts paid to the Firm.

### **Account Additions and Withdrawals**

As stated above, clients may make additions to and withdrawals from their account at any time, subject to the Firm's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the' right to liquidate any transferred securities or declines to accept particular securities into a

client's account. Clients may withdraw account assets on notice to the Firm, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client's investment objectives. The Firm may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

## **Termination**

Either party may terminate the advisory agreement at any time by providing written notice to the other party. The client may terminate the agreement at any time by writing or phoning the Firm at our office. The Firm will refund any prepaid, unearned advisory fees.

Terminations will not affect liabilities or obligations from transactions initiated in client accounts prior to termination. In the event the client terminates the investment advisory agreement. The Firm will not liquidate any securities in the account unless instructed by the client to do so. In the event of client's death or disability, the Firm will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party.

## **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Crossover Capital does not charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **ITEM 7 - TYPES OF CLIENTS**

Crossover Capital provides asset management, financial consulting, ERISA plan advisory & consulting, investment advisory consultation, and selection of third-party money managers and/or Sub-Advisor. Our services are provided on a discretionary or non-discretionary basis to a variety of clients, such as institutional investors, individuals, high net worth individuals, trusts and estates, qualified purchasers, and individual participants of retirement plans. In addition, we may also provide advisory services to entities such as pension and profit-sharing plans, businesses, and other investment advisors.

## **Account Requirements**

The Firm has an annual minimum fee of \$10,000 which may be waived upon our discretion. The firm does not have minimum portfolio value for starting and maintaining an investment management relationship. Certain Independent Managers may, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, the Firm may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Methods of Analysis and Investment Strategies**



Crossover Capital will typically use fundamental, cyclical, charting, and/or technical analysis in the selection of individual securities. The Firm selects categories of investments based on the clients' attitudes about risk and their need for capital appreciation or income. Different instruments involve different levels of exposure to risk. We seek to select individual securities with characteristics that are most consistent with the client's objectives. Since the Firm treats each client account uniquely, client portfolios with a similar investment objectives and asset allocation goals may own different securities.

### General Investment Strategies

The Firm generally uses diversification in an effort to minimize risk and optimize the potential return of a portfolio. More specifically, we utilize multiple asset classes, investment styles, market capitalizations, sectors, and regions to provide diversification. Each portfolio composition is determined in accordance with the clients' investment objectives, risk tolerance, and time horizon. We utilize both passive and active investment management strategies in an effort to optimize portfolios.

Our general investment strategy is to seek real capital growth proportionate with the level of risk the client is willing to take. We develop a Client Profile to help identify the client's investment objectives, time horizon, risk tolerance, tax considerations, target asset allocation, and any special considerations and/or restrictions the client chooses to place on the management of the account. The Firm will then recommend investments that we feel are consistent with the Client Profile.

After defining client needs, the Firm develops and implements plans for the client's account. Then, we monitor the results and make adjustments as needed. As the initial assumptions change, the plans themselves may need to be adapted. Continuous portfolio management is important in an effort to keep the client's portfolio consistent with the client's objectives.

### Methods of Analysis for Selecting Securities

The Firm's IARs may use, among others, technical, fundamental, and/or charting analysis in the selection of individual equity securities. Additionally, our IARs may use specific strategies or resources in the method of analysis and selection of mutual funds.

### Technical Analysis

The effectiveness of technical analysis depends upon the accurate forecasting of major price moves or trends in the securities traded by the IAR. However, there is no assurance of accurate forecasts or that trends will develop in the markets we follow. In the past, there have been periods without discernable trends and similar periods will presumably occur in the future. Even where major trends develop, outside factors like government intervention could potentially shorten them.

Furthermore, one limitation of technical analysis is that it requires price movement data, which can translate into price trends sufficient to dictate a market entry or exit decision. In a trendless or erratic market, a technical method may fail to identify trends requiring action. In addition, technical methods may overreact to minor price movements, establishing positions contrary to overall price trends, which may result in losses. Finally, a technical trading method may under perform other trading methods when fundamental factors dominate price moves within a given market.

The calculations that underline our system, methods, and strategies involve many variables, including determinants from information generated by computers and/or charts. The use of a computer in collating

information or in developing and operating a trading method does not assure the success of the method because a computer is merely an aid in compiling and organizing trade information.

Accordingly, no assurance is given that the decisions based on computer-generated information will produce profits for a client's account.

### Relative Strength Analysis

Relative strength measures one stock versus another or a group of stocks versus an index, such as the S&P 500. Through relative strength analysis, we can rank areas of the market that are outperforming or underperforming the broad market, whether the Russell 3000 or S&P 500. For our purposes, we use the S&P 500. We then add the highest relative strength sectors and macro areas (i.e. small cap vs. large cap) to our investment model, using primarily ETFs. The general premise is that those areas of the market with highest relative strength outperform over the long term. Additionally, as a risk override, we run moving average analysis to identify when markets are most vulnerable, and from time to time lighten market exposure.

### Fundamental Analysis

Fundamental analysis assesses the financial health and management effectiveness of a business by analyzing a company's financial reports, key financial ratios, industry developments, economic data, competitive landscape, and management. The objective of fundamental analysis is to use historical and current financial data to assess the stock valuation of a company, evaluate company profitability, credit risk, and forecast future performance of the company and its share price. Fundamental analysis assumptions and calculations are based on historical data and forecasts; therefore, the quality of information and assumptions used are critical. Differences can exist between market fundamentals and how you analyze them.

### Charting Analysis

Charting analysis involves the use of patterns in performance charts. Our IARs use this charting technique to search for patterns in an effort to predict favorable conditions for buying and/or selling a security.

### Mutual Funds

In analyzing mutual funds, our IARs use various sources of information. We review key characteristics such as historical performance, consistency of returns, risk level, and size of fund. Expense ratio and other costs are also significant factors in fund selection. We also subscribe to/access additional information from other sources that inform our general macro-economic view.

### Options

IARs may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative because it derives its value from an underlying asset. The two types of options are calls and puts. A call gives the holder the right to buy an asset at a certain price within a specific period of time. A call may be purchased if the expectation is that the stock will increase substantially in value before the option expires. It may also

be sold as a hedge to protect gains or principal of an existing holding (covered calls). A put gives the holder the right to sell an asset at a certain price within a specific period of time. A put may be purchased if the expectation is that the stock will decrease substantially in value before the option expires. They are typically purchased as a hedge to protect gains or principal of a portfolio. There are various options strategies that our IARs may deploy in a strategy, as appropriate for a client's needs. These include but may not be limited to covered options (selling a call or put for a premium payment while retaining the cash or securities required to facilitate the underlying purchase or sale of securities if an option is exercised) or spreads/straddles (buying or selling call or put options on the same or opposite side of the market to benefit from the bid/ask "spread" or to straddle the market based on value or time variances).

### Alternative Investments

IARs may use Alternative Investments, including digital assets such as Bitcoin and ethereum, as a way to diversify a portfolio. Alternative Investments are considered to be "non-correlated" assets, meaning that they do not tend to run up or down (track) with the market like standard securities typically do. The main goal of alternatives is to provide access to other return sources, with the potential benefit of reducing risk of a client's portfolio, improving returns, or both.

### Specific Investment Strategies for Managing Portfolios

IARs may use Modern Portfolio Theory tactical asset allocation, cash as a strategic asset, long-term holding, trend, dollar-cost-averaging, defensive portfolio strategies in the construction and management of client portfolios. There is no guarantee that any of the following strategies will be successful and we make no promises or warranties as to the accuracy of our market analysis.

### Modern Portfolio Theory (MPT)

IARs use the Modern Portfolio Theory, which has a basic concept of using diversification in an effort to help minimize risk and optimize the potential return of a portfolio.

### Tactical Asset Allocation

IARs may use a tactical asset allocation strategy in the shorter term to deviate from a client's long-term strategic asset allocation target in an effort to take advantage of what we perceive as market pricing anomalies or strong market sectors or to avoid perceived weak sectors. Once they achieve the desired short-term opportunities or perceives those opportunities have passed, we generally return a client's portfolio to the original strategic asset mix.

### Cash as a Strategic Asset

IARs may use cash as a strategic asset and at times move or keep client's assets in cash or cash equivalents. While high cash levels can help protect a client's assets during periods of market decline, there is a risk that our timing in moving to cash is less than optimal upon either exit or reentry into the market, potentially resulting in missed opportunities during positive market moves.

### Long-term Holding

IARs do not generally purchase securities for clients with the intent to sell the securities within 30 days of

purchase, as we do not generally use short-term trading as an investment strategy. However, there may be times when we will sell a security for a client when the client has held the position for less than 30 days.

IARs do not attempt to time short-term market swings. Short-term buying and selling of securities is typically limited to those cases where a purchase has resulted in an unanticipated gain or loss in which we believe that a subsequent sale is in the best interest of the client.

### Trend

IARs may manage client assets using a trend following methodology based on the 200-day average and grounded in a strong sell discipline for all positions within the portfolio.

### Dollar-Cost-Averaging

Dollar cost averaging involves investing money in multiple installments over time to take advantage of price fluctuations in the attempt to get a lower average cost per share.

### Defensive Strategies

If our IAR anticipates poor near-term prospects for equity markets, we may adopt a defensive strategy for clients' accounts by investing substantially in fixed income securities and/or money market instruments. We may also utilize low, non, or negative correlated investments through mutual funds and EFT's. There can be no guarantee that the use of defensive techniques would be successful in avoiding losses.

### Margin

Some clients of the Firm maintain margin accounts to facilitate short-term borrowing needs, which are unrelated to our investment strategy (ies). For some high-net worth (HNW) clients that are seeking a more aggressive strategy for their portfolio, our IARs may work with those clients on an individual basis to develop a leveraged strategy utilizing margin to increase market participation portfolio as part of a customized investment strategy. Clients are responsible for any brokerage or margin charges in addition to advisory fees. Risks of using margin include "margin calls" (also called "fed calls" or "maintenance calls.") Margin calls occur when account values decrease below minimum maintenance margin levels established by the broker-dealer that holds the securities in the client's account, requiring the investor to deposit additional money or securities into their margin account.

While the use of margin borrowing can increase returns, it can also magnify losses. Clients must specifically request to establish a margin account.

### Additional Strategies

Clients interested in learning more about any of the above strategies should contact us for more information and/or refer to the prospectus of any mutual fund. We may also consider additional strategies by specific client request.

### Investing Involves Risk

#### *General Risks of Owning Securities*

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market

may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease, and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

### *Risk of Loss*

Diversification does not guarantee a profit or guarantee to protect you against loss, and there is no guarantee that your investment objectives will be achieved. The Firm strategies and recommendations may lose value. All investments have certain risks involved including, but not limited to the following:

- **Stock Market Risk:** The value of securities in the portfolio will fluctuate and, as a result, the value may decline suddenly or over a sustained period of time.
- **Managed Portfolio Risk:** The manager's investment strategies or choice of specific securities may be unsuccessful and may cause the portfolio to incur losses.
- **Industry Risk:** The portfolio's investments could be concentrated within one industry or group of industries. Any factors detrimental to the performance of such industries will disproportionately impact your portfolio. Investments focused in a particular industry are subject to greater risk and are more greatly impacted by market volatility than less concentrated investments.
- **Non-U.S. Securities Risk:** Non-U.S. securities are subject to the risks of foreign currency fluctuations, generally higher volatility and lower liquidity than U.S. securities, less developed securities markets and economic systems and political economic instability.
- **Emerging Markets Risk:** To the extent that your portfolio invests in issuers located in emerging markets, the risk may be heightened by political changes and changes in taxation or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- **Currency Risk:** The value of your portfolio's investments may fall as a result of changes in exchange rates.
- **Credit Risk:** Most fixed income instruments are dependent on the underlying credit of the issuer. If we are wrong about the underlying financial strength of an issuer, we may purchase securities where the issuer is unable to meet its obligations. If this happens, your portfolio could sustain an unrealized or realized loss.
- **Inflation Risk:** Most fixed income instruments will sustain losses if inflation increases or the market anticipates increases in inflation. If we enter a period of moderate or heavy inflation, the value of your fixed income securities could go down.
- **Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate.
- **Margin Risk:** The use of margin is not suitable for all investors since it increases leverage in your Account and therefore risk.
- **ETF and Mutual Fund Risk:** When we invest in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operation expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund greatly reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may also incur brokerage costs when purchasing ETFs.
- **Independent Manager Risk:** As stated above, the Firm may select certain Independent Managers to manage a portion of its clients' assets. In these situations, the Firm continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the

Independent Mangers' ability to successfully implement their investment strategies. In addition, the Firm generally may not have the ability to supervise the Independent Mangers on a day-to-day basis.

- **Derivative Risk:** Derivatives are securities, such as futures contracts or options, whose value is derived from that of other securities or indices. Derivatives can be used for hedging (attempting to reduce risk by offsetting one investment position with another) or non-hedging purposes. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will achieve the desired results. Utilizing derivatives can cause greater than ordinary investment risk, which could result in losses.
- **Alternative Investment Risk:** Alternative Investments involve a high degree of risk, often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not always required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and in many cases the underlying investments are not transparent and are known only to the investment manager. Alternative investment performance can be volatile. An investor could lose all or a substantial amount of his or her investment.
- **Management Risk:** Your investment with us varies with the success and failure of our investment strategies, research, analysis, and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment may decrease.

### **Digital Asset Risks**

#### **Digital Asset Definitions**

"Crypto assets", referred herein as "digital assets", are assets that are issued or transferred using distributed ledger or blockchain technology. They include, but are not limited to, so-called "virtual currencies," "coins," and "tokens." A particular crypto asset may or may not meet the definition of a "security" under the federal securities laws.

"Bitcoin", is a type of digital currency in which a record of transactions is maintained, and new units of currency are generated by the computational solution of mathematical problems, and which operates independently of a central bank.

"Ethereum", is a blockchain platform which hosts several digital assets, including ether. As a blockchain network, Ethereum is a distributed ledger for verifying and recording transactions.

#### **Digital Asset Risks**

Crossover Capital Clients who purchase digital assets, unlike bank deposits or securities accounts respectively, are not subject to U.S. Federal Deposit Insurance Corporation ("FDIC") or U.S. Securities Investor Protection Corporation ("SIPC") protections. In the event of the permanent loss or theft of any digital assets, the insolvency of any of the digital asset exchanges where a Client's digital assets are held or the insolvency of any depository or custodian for such digital assets, a Client may be unable to recover all of its funds or the value of its assets so deposited.

Digital assets are more volatile than traditional currencies and financial assets. The emergence of digital assets has exhibited liquidity risk; credit risk; market risk; operational risk (including fraud and cyber risks);

money laundering and terrorist financing risk; and legal and reputation risks. The digital asset market at large is fast evolving and direct connections between crypto assets and systemically important financial institutions and core financial markets, while growing rapidly, are limited at the present time. When investing with Crossover Capital, Clients must be aware that they are making direct investments in approved digital assets using strategies and investment techniques with significant risk characteristics, including risks arising from the volatility, regulation, adoption, security, and underlying functionality of the digital asset marketplace. As such, a Client will be directly and indirectly exposed to risks relating to the further development and acceptance of digital assets, which are part of a new and rapidly changing industry. Digital assets are subject to a variety of factors that are difficult to evaluate both in their day-to-day operations and services offered, but also in their relation to the digital asset landscape as a whole. The slowing or stopping of the development or acceptance of such currencies may adversely affect all or certain digital assets as well as the value of a Client's account. The potential use of digital assets to, among other things, buy and sell goods and services, to transfer value, and to represent ownership and control is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. The growth of the digital asset industry is subject to a high degree of uncertainty. The factors affecting the further development of this industry, include, but are not limited to:

- continued worldwide growth in the adoption and use of digital assets
- government and other regulatory agency regulation of digital assets and their use, services relating to, or restrictions on the operation of digital assets networks, systems, and protocols
- the use of the networks supporting digital assets for developing smart contracts and distributed application
- general economic conditions and the regulatory environment relating to digital assets
- improved anti-fraud, anti-money laundering, and suspicious activity controls, reporting and methodologies applicable to digital asset
- negative consumer or public perception of digital assets

#### Risk of Total Loss of Capital

There can be no assurance that an investment strategy will achieve its investment objective or that substantial losses will not be incurred. Clients should be prepared to bear a substantial loss of capital, including the risk that the entire amount invested may be lost. No guarantee is made that a Client's investment program or overall portfolio, or various investment strategies used or investments made, will have low correlation with one another or that a Client's returns will exhibit low long term correlation with an investor's traditional securities portfolio. The use of certain trading counterparties and exchanges, in the context of digital asset transactions, may substantially increase transactional risks and increase the adverse impact to which a Client may be subject.

#### Risks Related to Custodial Processes of Digital Assets

The risks relating to the custody of digital assets include appropriate arrangements for which defined best practices and industry standards are not yet fully defined and the manner in which Crossover Capital interprets such rules and practices, may differ from interpretation from other regulatory agencies. Client accounts for custody and trading of digital assets are provided through Fidelity Digital Assets Services, LLC, ("FDAS") which is a New York State-chartered, limited liability trust company. While FDAS is an entity under the Fidelity branded companies, digital asset custodial services are not provided by the other related

Fidelity companies such as Fidelity Brokerage Services, which is the custodian listed on the Firm's ADV Part 1 with respect to the Firm's traditional assets. Nor are custody services for digital assets provided by Fidelity Management and Research Company ("FMR"). For the purposes of digital asset custody, clients should be aware that FDAS is not in physical possession of bitcoin or ethereum, but they continue to use such phrasing of custody and storage, as they would with other traditional assets types such as equity and fixed income products, but such phrasing may be at odds with how the Securities and Exchange Commission ("SEC") defines custody, which in turn poses an unknown regulatory risk to Clients (see Regulatory Change Oversight Risk below). Custodians often hold Client assets in physical or electronic form, typically charging fees for the secure, safe keeping of such assets represent a relatively new asset class which few state and federal legal frameworks directly address. As such, there is uncertainty as to how to attach and perfect a security interest over digital assets. A Client's claim over such assets could be unsecured, increasing a risk of loss in the event of default.

Crossover Capital has limited knowledge of what capital requirements, reporting or system requirements that New York State-charter trust companies must abide by and cannot independently verify FDAS representations. Further, clients should be aware that despite the custodial efforts in place, wallets have been hacked and digital assets have been stolen. This is a significant risk for anyone investing in digital assets which cannot be completely protected against. There is a heightened risk of unauthorized withdrawals or theft of digital assets than there is with traditional asset classes as once a digital asset is removed from an account, it is more difficult to retrieve.

Any Crossover Capital client with digital asset exposure will have a high concentration of its digital assets with one custodian, which may be prone to losses arising out of hacking, loss of passwords, compromised access credentials, malware, or cyberattacks as described herein. Separate from risks relating to the custody of digital assets, there are also risks related to the custody of fiat currencies that are part of the Client account that are held by the digital asset exchange. Clients should also be aware that in 2023, a number of banks ceased operations, notably, Signature Bank, and Silvergate Bank. Such banks were partnered with digital asset exchanges and where client fiat assets were maintained in accounts associated with digital assets, there was an increase in risk of loss of the fiat currency assets held at the failed banks to the extent that the amount held was greater than available FDIC coverage limits. Clients should understand which banking partners are used by the custodians and/or exchanges for custody of fiat currencies.

#### Risk Related to Regulatory Change Oversight

U.S. federal, state, and regulatory agencies, such as the SEC have been examining digital asset networks, digital asset companies and exchange markets. Currently, the regulatory framework does not present a uniform or unifying set of legal theories or applicable legal regimes to which digital assets are regulated or for which digital assets can be defined, as a result and as new legislation and regulations are enacted, regulatory changes and unforeseen regulatory implications have the potential to negatively impact the value of a Client's digital assets and the use and interest in such digital assets. Ongoing and future legislative and regulatory actions may impact and perhaps to a material adverse extent, the nature of a client's investment or the ability of the digital asset technology to continue to operate. Many state and federal agencies have issued consumer advisories regarding the risks posed by bitcoin and other digital assets to investors. In addition, U.S. federal and state agencies, and regulatory bodies in the U.S. and in other



countries have issued guidance about the treatment of digital asset transactions or requirements for businesses engaged in digital asset activity. In particular, various digital assets may not be excluded from the definition of a commodity” or “security” by such future CFTC and SEC rulemaking, respectively. Currently, Crossover Capital is not aware of any rules that have been proposed to further regulate digital assets as a commodity or security, but this is subject to change. Crossover Capital cannot be certain as to how future regulatory developments will impact the treatment of digital assets under the law. The CFTC has declared that some digital assets are commodities, and digital assets transactions that are entered into, or offered, to retail customers, may be subject to CFTC jurisdiction under certain circumstances. However, the SEC has stated that certain transactions in digital assets may be securities transactions, depending on the specific facts and circumstances of the digital assets and transactions in question. Crossover Capital may be required to register and comply with additional regulatory agencies and other regulations. In such an event, Crossover Capital could cause a client not to hold any affected assets and cause the Client to incur losses and lost opportunities. Regulatory changes or interpretations relating to the custody of digital assets could require certain vendors to be required to apply for licenses that they do not already have and could subject these parties to investigations and penalties. Such additional registrations and compliance, or any enforcement action, may result in extraordinary, non-recurring expenses.

On February 15, 2023, the SEC proposed amendments to the Custody Rule (Safeguarding Advisory Client Assets, Investment Advisers Act Rel. No. 6240) (“Proposed Rule” or the “Rule”). Presently, the comment period the Proposed Rule has been re-opened by the SEC and the Rule reflects the SEC’s growing concern about the safekeeping of digital assets through custodial relationships with registered investment advisers. The Proposed Rule would govern all client assets, which would include digital assets and would affect the ability of financial institutions to serve as qualified custodians for digital assets. The Proposed Rule, like the current Custody Rule, looks to the definition of “bank” under the Advisers Act, which includes state-chartered trust companies. Although the Proposed Rule does not modify the ability of state-chartered trust companies to serve as qualified custodians, the SEC raised various questions regarding the quality of regulatory protections and oversight imposed on such companies. The Proposed Rule also clarifies what it means for an adviser to “maintain” assets with a qualified custodian. While the Proposed Rule would entrust safekeeping of client assets to a qualified custodian, it would depart from the existing Custody Rule in that a qualified custodian would not be deemed to ‘maintain’ a client asset for purposes of the rule if it does not have ‘possession or control’ of that asset. If the Proposed Rule is adopted, partially or in full, and if the SEC determines that the custodians used by Crossover Capital and its Clients for custody and exchange services do not comply with the Rule with respect to their custody of digital assets, Clients may be required to move their assets to a custodian, should any exist, that would be deemed “qualified” or terminate the account and liquidate a Client’s investments. Agreements prepared in connection with the Client cannot address or anticipate every possible current or future regulation that may affect a Client, Crossover Capital vendors or counterparties. Such regulations may have a significant impact to Clients, including, without limitation, by restricting the types of investments a client may make. Changes or actions may alter the nature of a client’s investment or restrict the use of digital assets or the operation of digital asset networks in a manner that adversely affects a client’s investment.

#### Risks Associated with Digital Asset Exchanges and Trading

The digital asset trading platforms and venues (“exchanges”) on which digital assets trade are relatively new and, in many cases, are either lightly regulated, unregulated or are facing significant regulatory

scrutiny including enforcement actions, and therefore may be more exposed to fraud and failure than established, regulated exchanges for other assets. Any fraud, security failure or operational problems experienced by the digital asset exchanges could result in a reduction in the value of the digital assets and adversely affect an investment in the interests of the Clients. Furthermore, many such exchanges do not provide the public with significant information regarding their ownership structure, management teams, corporate practices, or regulatory compliance. As a result, the marketplace may lose confidence in, or may experience problems relating to, digital asset exchanges, including prominent exchanges handling a significant portion of the volume of trading. Digital asset exchanges may impose customer-specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of digital assets for fiat currency difficult or impossible. To the extent that a digital asset is hosted or traded on a limited number of exchanges, these risks are amplified and may cause a significant diminution in value of such digital asset. Digital assets traded on a blockchain may not rely on a trusted intermediary or depository institution. Participation in exchanges often requires a user to take on risk by transferring digital assets from such user's account to a third party's account which may or may not be hosted directly at or by the exchange.

Clients should review the terms of their FDAS user agreements carefully and ensure that assets are maintained in a way that ensures protection of the assets. Digital asset exchanges that are regulated typically must comply with minimum net worth, cybersecurity, insurance, audit, and anti-money laundering requirements, but are not typically required to protect customers or their markets to the same extent that regulated securities exchanges or futures exchanges are required to do so. For example, U.S. state and federal regulatory regimes for digital asset exchanges have different requirements than traditional equity exchanges and their reporting requirements are less known and available than traditional exchanges. Crossover Capital has limited insight as to the processes used by digital asset exchanges to detect, report, or prevent manipulative trading activity. In addition, many digital asset exchanges may in fact lack certain safeguards put in place by more traditional exchanges to enhance the stability of trading. As a result, the prices of digital assets on digital asset exchanges may be subject to larger and/or more frequent sudden declines than assets traded on more traditional exchanges. A lack of stability in digital asset exchanges, manipulation of digital asset markets by digital asset exchange customers and the closure or temporary shutdown of such exchanges due to fraud, business failure, hackers or malware, or government mandated regulation may reduce confidence in the digital assets generally and result in greater volatility in the digital asset market. These potential consequences of an exchange's failure or failure to prevent market manipulation could adversely affect a client's investment.

#### Pricing and Volatility of Digital Asset Values

Extreme volatility in the future, including further declines in the trading prices of digital assets, could have a material adverse effect on the value of a Client's investment, including a loss of all or substantially all of a Client's investment. Supply of any digital asset is generally determined by a computer code or network administration, not by a central bank, and prices can be extremely volatile relative to more traditional markets. Several factors may affect the price of digital assets or the value of digital assets, including, but not limited to: supply and demand, public and non-public information, investors' expectations, the rate of inflation, interest rates, currency exchange rates or future legislative or regulatory measures that restrict the trading of digital assets and the use of digital assets as a form of payment,. Crossover Capital currently relies on pricing of digital assets as provided by FDAS. As a result, Clients may see different pricing for the

same digital asset, depending on the exchange or data source that is providing such pricing data. Exchanges for digital asset investing are dependent upon the internet and any significant disruption in internet connectivity could disrupt network operations and have an adverse effect on the trading, pricing, and access of digital assets.

## **ITEM 9 - DISCIPLINARY INFORMATION**

Crossover Capital and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our business or the integrity of our management. We do not have any required disclosures to this Item.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Crossover Capital is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

### **Relationship with tru Independence, LLC**

Crossover Capital maintains a business relationship with tru Independence, LLC ("tru Independence"), a service platform for investment professionals and an SEC registered investment adviser. Through its relationship with tru Independence, the Firm gains access to services related to reporting, custody, compliance, trading, technology, transition support and other related services.

In fulfilling its duties to its clients, the Firm endeavors at all times to put the interests of its clients first. The Firm reviews all of its service provider relationships on an ongoing basis in an effort to ensure decisions are made in the best interests of clients. Clients should be aware, however, that this relationship may pose certain conflicts of interest. Specifically, tru Independence charges the Firm a platform fee that decreases as assets increase. Accordingly, the Firm has an incentive to increase the assets it places through the tru Independence platform. tru Independence also provided transition support aimed at helping the Firm launch its new advisory firm. The receipt of economic and other benefits as described above from tru Independence creates an incentive for the Firm to choose tru Independence over other service providers that do not furnish similar benefits.

### **Licensed Insurance Agents**

Certain of the Firm's Supervised Persons are licensed insurance agents and may offer certain insurance products on a fully disclosed commissionable basis. A conflict of interest exists to the extent that the Firm recommends the purchase of insurance products where its Supervised Persons may be entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

### **Retirement Plan Accounts**

The Firm may from time to time recommend the rollover to an IRA from an employer sponsored retirement

plan. This product will be recommended when it is deemed by the Firm to be in the best interest of the client. It is understood that the Investment Advisor Representative will receive management fee paid by me as indicated by the client agreement that will be signed when the account is opened.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

When recommending the rollover to an IRA from an employer sponsored retirement plan, you will be provided with disclosure on the reasons why the transaction is in your best interest, it will be required to be signed by both you and the advisor and will be maintained in your file.

### Off-Center Digital Asset Fund

Off-Center Digital Access Fund LLC, is a Delaware formed limited liability company ("Off-Center") formed by Alex Pron for the sole purpose to make one or more passive investments into the Stoka Global, LP and limited partnership that serves as a fund through which assets of its partners will be utilized to invest, hold and trade digital currencies, crypto assets, cryptocurrencies, decentralized tokens and protocol tokens, blockchain-based assets and other cryptofinance and digital assets that currently exist, or may exist in the future. Alex Pron is the founder of Crossover Capital and may have clients, through their Advisory relationship, invest in digital assets through Fidelity Digital Access Services, LLC, ("FDAS"), which may pose various conflicts of interest with Mr. Pron serving in capacity as a client's advisor while at the same time, making personal investments into potentially similar assets through the Off-Center fund. Clients who wish to invest in digital assets through the FDAS are not obligated to invest in Mr. Pron's Off-Center fund and likewise, individuals invested in the Off-Center fund need not open and advisory relationship and deposit assets with Crossover Capital, the registered investment advisor.

## ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### Code of Ethics

Crossover Capital believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. We have adopted a Code of Ethics that emphasizes the high standards of conduct that the Firm seeks to observe. Our personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

The Firm's Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. The Firm's personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, prohibitions of insider trading, and adherence to applicable federal securities laws. Additionally, individuals who formulate investment advice for clients, or who have access to nonpublic information regarding any clients' purchase or sale of securities, are subject to personal trading policies governed by the Code of Ethics (see below).

The Firm will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

### Personal Trading Practices

The Firm and our personnel may purchase or sell securities for themselves, regardless of whether the transaction would be appropriate for a client's account. The Firm and our personnel may purchase or sell securities for themselves that we also recommend/utilize for clients. This includes related securities (e.g., warrants, options, or other derivatives). This presents a potential conflict of interest, as we have an incentive to take investment opportunities from clients for our own benefit, favor our personal trades over client transactions when allocating trades, or use the information about the transactions we intend to make for clients to our personal benefit by trading ahead of clients.

Our policies to address these conflicts include the following:

1. The client receives the opportunity to act on investment decisions/recommendations prior to and in preference to accounts of your investment advisor representative ("IAR").
2. The Firm prohibits trading in a manner that takes personal advantage of price movements caused by client transactions.
3. If your IAR wishes to purchase or sell the same security as he/she recommends or takes action to purchase or sell for a client, he/she will not do so until the custodian fills the client's order, if the order cannot be aggregated with the client order. As a result of this policy, it is possible that clients may receive a better or worse price than IAR for transactions in the same security on the same day as a client.
4. The Firm requires our IARs to report personal securities transactions on at least a quarterly basis.
5. Conflicts of interest also may arise when Firm IARs become aware of limited offerings or IPOs, including private placements or offerings of interests in limited partnerships or any thinly traded securities, whether public or private. Given the inherent potential for conflict, limited offerings and IPOs demand extreme care. IARs are required to obtain pre-approval from the Chief

Compliance Officer before trading in limited offerings and are prohibited from transacting in IPOs for personal accounts.

6. Under certain limited circumstances, we make exceptions to the policies stated above. The Firm will maintain records of these trades, including the reasons for any exceptions.

## ITEM 12 - BROKERAGE PRACTICES

Crossover Capital requires accounts that are not managed by third-party investment managers and/or Sub-Advisor to be established with Fidelity Investments (“Fidelity”), member FINRA/SIPC. The Firm engages the custodians to clear transactions and custody assets. The custodian provides the Firm with services that assist us in managing and administering clients' accounts which include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with certain back-office functions, recordkeeping and client reporting.

As part of the arrangement described above, the custodian also makes certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by the custodians directly from independent research companies, as selected by our Firm (within specific parameters). Research products and services provided by the custodians to our firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by the custodians to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts. Without this arrangement, the Firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services discussed above, the Firm has an incentive to continue to use or expand the use of the custodians' services. The Firm examined this conflict of interest when we chose to enter into the relationship with the custodians and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

The custodian charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions).

The custodian generally does not charge clients separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodians or that settle into accounts at the custodians. The custodian charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). The custodian enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The custodians' commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by the custodian may be higher or lower than those charged by other custodians and broker-dealers.

We may aggregate (combine) trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully disclosed separately to our existing clients (if any) and the broker-dealer(s) through which such transactions will be placed;
2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our investment advisory agreement with you for which trades are being aggregated.
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
4. We will prepare a procedure specifying how to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, it will be allocated pro-rata based on the allocation statement;
6. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
7. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and,
8. Individual advice and treatment will be accorded to each advisory client.

As a matter of policy and practice, we do not utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis other than what is described above.

## **Factors Considered in Recommending Custodians**

We consider several factors in recommending custodians to a client. Factors that we consider when recommending custodians may include financial strength, reputation, execution, pricing, reporting, research, and service. We will also take into consideration the availability of the products and services received or offered (detailed above) by the custodians.

### *Directed Brokerage Transactions*

The Firm does not allow clients to direct brokerage to a specific broker-dealer. For an individual third-party manager's and/or Sub-Advisor's policy on directed brokerage transactions, you must refer to *Item 12 – Brokerage Practices* of that manager's form ADV 2A brochure.

### *Fidelity Digital Asset Services*



As mentioned above, Client accounts for custody and trading of digital assets are provided through Fidelity Digital Assets Services, LLC, (“FDAS”) which is a New York State-chartered, limited liability trust company, and is the only “custodian” the Firm makes available for such assets. Crossover Capital has limited knowledge of what capital requirements, reporting or system requirements FDAS must abide by. Any Crossover Capital client with digital asset exposure will have a high concentration of its digital assets with one custodian, which may be prone to losses arising out of hacking, loss of passwords, compromised access credentials, malware, or cyberattacks as described In Item 8 in greater detail.

### Special Considerations for ERISA Clients

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who directs plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

### **Trade Errors**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole, and we will absorb any loss resulting from the trade error if the error was caused by the Firm. If the error is caused by the Custodian, the Custodian will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

## **ITEM 13 - REVIEW OF ACCOUNTS**

### **Account Reviews & Reporting**

#### Managed Accounts Reviews

Crossover Capital manages portfolios on a continuous basis and generally review all positions in client accounts on a regular basis, but no less than annually. We generally offer account reviews to clients annually. Clients may choose to receive reviews in person, by telephone, or via e-mail. Firm IARs conduct reviews based on a variety of factors. These factors include, but are not limited to, stated investment objectives, economic environment, outlook for the securities markets, and the merits of the securities in the accounts.

In addition, we may conduct a special review of an account based on, but not limited to, the following:

1. A change in the client's investment objectives, guidelines and/or financial situation;
2. Changes in diversification;
3. Tax considerations; or
4. Material cash deposits or withdrawals.

### Third Party and/or Sub-Advisor Accounts

Investment Adviser Representatives periodically review third-party manager's and/or Sub-Advisor's reports provided to the client, but no less often than on a semi-annual basis. Our Investment Adviser Representatives contact clients from time to time, as agreed to with the client, in order to review their financial situation and objectives; communicate information to third-party money managers and/or Sub-Advisors as warranted; and assist the client in understanding and evaluating the services provided by the third-party money manager and/or Sub-Advisor. The client is expected to notify us of any changes in his/her financial situation, investment objectives, or account restrictions that could affect their account. The client may also directly contact the third-party money manager and/or Sub-Advisor managing the account or sponsoring the program. Clients who utilize third-party money managers and/or Sub-Advisors should review the third-party manager's and/or Sub-Advisor's Form ADV Part 2 **Item 13 – Review of Accounts** regarding account reviews, types of written reports provided and frequency of such reports.

### Consulting Service

Consultation clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us or separately contract with us for a post-financial plan meeting or update to their initial written financial plan. The type of reporting is agreed upon by the Firm and the client on a case-by-case basis. We do not provide ongoing services to financial consultation clients but are willing to meet with such clients upon their request to discuss updates to their plans or changes in their circumstances. The client's IAR provides the financial consultation services to the client. In cases when we have been contracted to conduct ongoing financial consultation services, the Investment Adviser Representatives will conduct reviews as agreed upon with the client.

## **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

### **Brokerage Support Products and Services**

Crossover Capital receives an economic benefit from the brokers used for transactions in client accounts in the form of the support products and services they make available to us and other independent firms whose clients maintain their accounts at the broker. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). We do not base particular investment advice, such as buying particular securities for our clients, on the availability of the brokers' products and services to us.

### **Outside Compensation**

The Firm may provide compensation to third-party solicitors for client referrals. In the event a client is introduced to the Firm by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral

fee is paid solely from the Firm's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with the Firm's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of the Firm is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

Firm IARs may refer clients to unaffiliated professionals for specific needs, such as mortgage brokerage, real estate sales, estate planning, legal, and/or tax/accounting. In turn, these professionals may refer clients to our IARs for investment management needs. We do not have any arrangements with individuals or companies that we refer clients to, and we do not receive any compensation for these referrals.

However, it could be concluded that our IARs are receiving an indirect economic benefit from this practice, as the relationships are mutually beneficial. For example, there could be an incentive for us to recommend services of firms who refer clients to the Firm.

Our IARs only refer clients to professionals we believe are competent and qualified in their field, but it is ultimately the client's responsibility to evaluate the provider, and it is solely the client's decision whether to engage a recommended firm. Clients are under no obligation to purchase any products or services through these professionals, and our IARs have no control over the services provided by another firm. Clients who chose to engage these professionals will sign a separate agreement with the other firm. Fees charged by the other firm are separate from and in addition to fees charged by the Firm.

If the client desires, our IARs will work with these professionals or the client's other advisors (such as an accountant, attorney, or other investment adviser) to help ensure that the provider understands the client's investments and to coordinate services for the client. We do not share information with an unaffiliated professional unless first authorized by the client.

### *Third Party Money Manager and/or Sub-Advisor*

Our IARs may work with third party money managers or Sub-Advisors to service client accounts. They may receive ongoing compensation in relation to these arrangements, of which details are fully disclosed to the clients at the time of account opening. See also *Item 5 - Third Party Accounts and/or Sub-Advisor* and *Item 10 - Third Party Managers and/or Sub-Advisor*. Other Financial Institutions

The Firm has established agreements to provide consulting services to other financial institutions regarding business development or investment advisory services provided to clients. If the consultation being provided is specific to services provided to the client account, the specifics of this arrangement, including the compensation paid to the Firm will be fully disclosed to clients in their signed agreements.

## **ITEM 15 - CUSTODY**

Crossover Capital and/or the Independent Managers have limited custody of some of our clients' funds or securities when the clients authorize us to deduct our management fees directly from the client's account. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities. Clients will receive statements directly from their qualified custodian at least

quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee.

Clients should carefully review the account statements they receive from the qualified custodian. When clients receive statements from the Firm as well as from the qualified custodian, they should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive a statement from their qualified custodian at least quarterly should also notify us.

### **Third-Party Standing Letters of Authorization ("SLOA")**

Our firm is deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian.

The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow.

By working with the qualified custodian, the Firm has in place seven provisions set forth by the SEC to assist in mitigating risk. The below must be followed to clients with third-party SLOAs:

1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
2. The client authorizes the Firm, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
4. The client can terminate or change the instruction to the client's qualified custodian.
5. The Firm has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
6. The Firm maintains records showing that the third party is not a related party of Firm or located at the same address as the Firm.
7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

As stated earlier in this section, account statements reflecting all activity on the account(s), are delivered directly from the qualified custodian to each client or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from us. When you have questions about your account statements, you should contact us, your Advisor or the qualified custodian preparing the statement.

### Fidelity Digital Asset Services related to Custody

For the purposes of digital asset custody, clients should be aware that FDAS and Crossover Capital, are not in physical possession of any assets, including bitcoin or ethereum, but FDAS uses such phrasing of custody and storage, as they would with other traditional assets types such as equity and fixed income products, but such phrasing may be at odds with how the Securities and Exchange Commission (“SEC”) defines custody. Clients should refer to **Item 8** – Methods of Analysis, Investment Strategies and Risk of Loss, above for more information and details related to the risks related to digital asset custody.

## **ITEM 16 - INVESTMENT DISCRETION**

Crossover Capital accepts discretionary and non-discretionary authority over client accounts. If an IAR is acting in a discretionary capacity, the IAR may place trades within a client account without pre-approval from the client.

### *Discretion of Third-Party Investment Manager*

When we engage AIM to provide investment management of all or a portion of your assets, we have the discretion to choose the Investment Strategy. Once the Investment Strategy is selected, AIM has discretionary authority over the management of your account. We no longer have discretion to implement transactions in your account.

Clients can find more information about the discretionary authority granted to third party managers in *Item 16 – Investment Discretion* of each manager’s Form ADV disclosure brochure.

## **ITEM 17 - VOTING CLIENT SECURITIES**

### *Voting of Proxies*

In regard to SEC Rule 206(4)-6 under the Advisors Act, Crossover Capital does not accept responsibility for the voting of proxies relating to equity securities in client accounts.

### *Class Action Lawsuits*

The Firm does not accept responsibility for filing proofs of claim relating to class action lawsuits affecting individual client accounts.

### *Proxy Voting by Third-Party Investment Manager*

When we engage AIM to provide investment management of all or a portion of your assets, AIM does not exercise proxy voting authority over securities in your account.

### *Mutual Funds*

The investment adviser that manages the assets of a registered investment company (i.e., mutual fund) generally votes proxies issued on securities held by the mutual fund.

## **ITEM 18 - FINANCIAL INFORMATION**

Registered investment advisors are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. Crossover Capital does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance, does not have or foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding.