eBIS, Inc.

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March 31, 2020

This document (Brochure) provides information about the qualifications and business practices of eBIS, Inc. (Firm or eBIS). If you have any questions about the contents of this brochure, please contact eBIS at (917) 774 - 5199.

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.

eBIS, Inc. is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

Additional information about eBIS, Inc. (Adviser CRD number 164024) is available at the SEC's website at www.adviserinfo.sec.gov

Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published "Amendments to Form ADV." This publication requires investment advisers to amend and restructure their Form ADV, a SEC-mandated disclosure document that advisers provide to their clients. In particular, this document is the ADV Part 2A Brochure.

Prepared according to the SEC's new requirements and rules, this Brochure is dated March 31, 2020. This document has been prepared to comply with the law requiring plain English, "taking into consideration your clients' level of financial sophistication." As such, effort is made to conform to the SEC's publication entitled *A Plain English Handbook,* found at www.sec.gov/news/extra/handbook.htm.

Pursuant to the new SEC rules, clients will receive a summary of any material changes to this and subsequent Brochures within 120 days of the Firm's business fiscal year end (presently December 31). The Firm may further provide other ongoing disclosure information about material changes as necessary. Currently, the Brochure may be requested by contacting Pete Shannon, President, at (917) 774-5199.

The Firm's last annual updated Brochure was dated March 26, 2019. The material changes from this prior version are highlighted here:

- N/A

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Advisory Business

Firm Description

Established as a corporate entity in 2002, eBIS is an independent financial consulting and investment management firm headquartered in Phoenix, AZ. eBIS has operated as a financial risk and profitability consulting firm from its inception and registered as an investment adviser in 2013. The Firm provides customized risk and investment management solutions on a fee−only basis. As a fiduciary, the Firm offers objective advice, accepts no commissions, and has no proprietary products to sell. The Firm's investment approach is to build broadly diversified, tax-efficient portfolios that capture the targeted asset category and asset class returns in a low-cost manner. eBIS employs research in return drivers, Mean Variance Optimization (MVO), correlation, and risk-adjusted returns to build portfolios with a broad range of asset classes that manage downside risk and attempt to create an efficient frontier for a given risk appetite and/or return goal. eBIS designs and implements risk and investment management solutions that are tailored to its clients' goals and objectives, delivered with a focus on personalized service. Its investment management solutions are geared to retirement planning, with the goal of replacing clients' earning power in retirement.

Principal Owners

Founded by Pete Shannon and Jean Shannon, eBIS, Inc., is in its eighteenth year of business. In January 2002, eBIS, Inc., was formed. It registered as an investment adviser in 2013. The current shareholder of eBIS, Inc., is Pete Shannon.

Advisory Services

eBIS provides services focused on two areas: risk management consulting and the ongoing selection and management of marketable security portfolios (investment management) to individuals, corporate pension plans, endowments, foundations, and institutional clients. The Firm provides such services by incorporating academic research and industry best practices to tailor a solution for each client.

1. RISK MANAGEMENT

Risk management services are delivered in a consulting capacity. These services include advisory consulting and analytics on forms of risk in institutional and investment portfolios, including credit, market, operational, and liquidity risk. Terms of the arrangement are specific to each client and are detailed in a Services Agreement, but generally include either an hourly bill rate or a fixed fee/prepayment agreement. A client may terminate a consulting relationship with eBIS with 30 days written notice.

2. INVESTMENT MANAGEMENT

A. Private Client Investment Management

eBIS takes a holistic view of the client's investment management needs. The investment management strategy is tailored to reflect the client's return objectives, risk tolerance, liquidity needs, time horizon, tax status, and other unique circumstances. This bespoke approach requires input from the client, both quantitatively and qualitatively, in order to structure an appropriate investment model. Quantitatively, the

Firm will review the client's current assets, liabilities, income and expense streams, tax status, and potential future assets, such as inheritance. Qualitatively, the Firm will assess the client's risk tolerance, desired retirement age and income, family and education plans, health and family history, and any other pertinent spending information. Once these data points are defined, eBIS formulates an investment strategy for each client informed by 3 primary variables: risk, taxes, and costs. eBIS employs a proprietary risk model using asset class risk attributes to determine an optimal asset allocation for a given risk level. This allocation is adjusted based on the client's specific tax circumstances, with tax-efficient investments favored for those in high marginal tax brackets and/or with low tax-advantaged account balances. Investment costs, in their many forms, are minimized as a priority and are analyzed relative to industry averages, with the objective of keeping costs below the lowest quartile. In addition, and as part of our assets under investment management fee at certain asset thresholds, the Firm will provide the services outlined under Financial Planning to some Investment Management clients.

B. Financial Planning

eBIS employs a retirement-centric financial planning perspective, with the ultimate goal of securing a financially stable retirement while minimizing longevity risk. To this end, eBIS analyzes seven distinct aspects of financial planning for each client engaged in this service: discretionary expenditure, family change, education, tax, retirement, insurance, and estate. Each aspect is defined, with recommendations for each client's specific circumstances, after gathering necessary information from online surveys and meetings. Further, it is often necessary to define these recommendations in concert with other professionals with whom the client may partner (accountants, estate attorneys, insurance professionals, etc.), and eBIS will actively collaborate with them as necessary. The client receives a documented financial plan as an outcome of this process, either as a stand-alone document or as part of his/her Investment Policy Statement (if offered through our Investment Management service). Updates to the financial plan are incorporated through time as the client's personal situation evolves.

C. Retirement Plan Consulting Services

eBIS offers a comprehensive menu of plan sponsor services that can be contracted piecemeal or comprehensively, depending on the needs of the client. All pension plan fiduciary services are detailed on our website, www.ebis.biz/solutions, and are summarized here.

Central to our services is the provision of (or advice on how to construct) professionally managed investment portfolios. When tailoring an investment solution to a corporate pension plan, eBIS strives to provide portfolios focused on low cost, diversification, and attractive risk-adjusted returns. The solutions will normally include a choice of managed accounts covering the spectrum of risk appetites, as well as individual funds should plan participants choose to construct their own portfolios. Retirement plan investment management services are offered on both a non-discretionary (ERISA 3(21)) and discretionary (ERISA 3(38)) basis. This holds true for plan participant services as well. eBIS can consult directly with plan participants and construct and implement an investment plan tailored to their needs (discretionary), or simply provide a recommended investment portfolio (non-discretionary).

<u>Fiduciary Services</u>

i. Discretionary Investment Management Services under Section 3(38) of ERISA
   a. *Investment Policy Design* - eBIS develops an investment policy statement (IPS) for Client. The IPS establishes the investment policies and objectives for the Plan and shall set forth the number of general investment options and asset class categories to be offered under the Plan. eBIS shall have the ultimate responsibility and authority to develop the IPS and shall have the sole authority to amend it.

b. *Plan Investment Selection (Including ERISA 404(c))*- eBIS provides discretionary investment advice to Client about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. eBIS will utilize multiple analytic tools and databases at its disposal and will have decision-making authority regarding the initial selection, retention, removal and addition of investment options. eBIS will select a broad range of investment options consistent with ERISA section 404(c) and the regulations therein. Client retains the sole responsibility to provide all notices to participants required under ERISA section 404(c)

c. *Investment Monitoring* - eBIS monitors investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and determines whether to maintain or remove and replace investment options.

d. *Selection of QDIA* - eBIS consults with Client as to whether the Plan should have a qualified default investment alternative ("QDIA") for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election and as to the type of investment to serve as a QDIA (e.g., managed account or balanced fund). If Client decides to have a QDIA under the plan and decides upon the type of investment that will serve as a QDIA, then eBIS will select the investment to serve as the QDIA. Client retains the sole responsibility to provide all notices to participants required under ERISA Section 404(c)(5).

e. *Participant-level Investment Selection* - eBIS provides ERISA section 3(38) discretionary investment management services to Plan participants as a designated investment manager, including selection of investment vehicles and allocation of client capital to those vehicles. eBIS will utilize multiple analytic tools and databases at its disposal. This service includes consideration of assets held outside of the Plan when making an investment decision within the Plan, but the Plan fee shall include only management of assets within the Plan.

ii. Non-Discretionary Investment Advice Services under Section 3(21) of ERISA

a. *Investment Policy Design* - eBIS assists Client in the development of an investment policy statement (IPS). The IPS establishes the investment policies and objectives for the Plan and shall set forth the number of general investment options and asset class categories to be offered under the Plan. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the Investment Policy Statement.

b. *Plan Investment Selection (Including ERISA 404(c))* - eBIS provides non-discretionary investment advice to Client about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. eBIS will utilize multiple analytic tools and databases at its disposal. Client shall have the final decision-making authority regarding the initial selection, retention, removal and addition of investment options. Client retains the sole responsibility to provide all notices to participants required under ERISA section 404(c)

c. *Investment Monitoring* - eBIS assists Client in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain or remove and replace investment options. eBIS will meet with the Client in-person, by telephone, or by electronic means at least annually to discuss the reports and the investment recommendations. Client has the authority and will be solely responsible for the actual selection or replacement of investment options.

d. *Selection of QDIA* - eBIS provides non-discretionary investment advice to Client with respect to the selection of a qualified default investment alternative ("QDIA") for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election. Client shall have the final decision-making authority regarding the selection of the QDIA and Client retains the sole responsibility to provide all notices to participants required under ERISA Section 404(c)(5).

e. *Participant-level Investment Selection* - eBIS provides non-discretionary investment advice to Plan participants about Plan investment alternatives. eBIS will utilize multiple analytic tools and databases at its disposal. Plan participants shall have the final decision-making authority regarding the initial selection, retention, and changes in investment selections. This service includes consideration of assets held outside of the Plan when making an investment recommendation within the Plan, but the Plan fee shall include only recommendation of assets for investment within the Plan.

Non-Fiduciary Services

iii. Participant Education and Communication - eBIS provides education, presentations, webinars, or written investment materials to Client plan participants. Information provided may include a description of investment alternatives (along with the objectives and risk and return characteristics of the assets comprising the investment portfolio), hypothetical asset allocation models, or other general financial and investment concepts consistent with Department of Labor Interpretive Bulletin 96-1.

iv. Fiduciary Committee Formation, Restructuring, and Support - eBIS helps the Client establish or refine a Fiduciary Committee as needed. On a periodic basis, eBIS will educate Plan fiduciaries on their duties and responsibilities and how to manage them as well as providing legislative and regulatory updates as necessary. Education can include general training regarding the fiduciary duty and prohibited transaction provisions of ERISA as well as the importance of the documents and instruments governing the Plan. eBIS will periodically meet with the Client to review and discuss various aspects of the Plan, which may necessitate the Client providing data and documentation in preparation for the review.

v. Regulatory Adherence Consulting - eBIS can provide advice to Clients regarding compliance with ERISA and Department of Labor (DOL) regulations, and any other pertinent legislation. These services can take the form of seminars, presentations, and direct counsel on how to structure a plan that complies with relevant regulations.

vi. Fee Analysis, Benchmarking, and Vendor Negotiation, Selection and Conversion - eBIS can periodically assist the Client in evaluating the reasonableness of Plan fees. This service may include documenting and benchmarking both direct and indirect fees (e.g. revenue sharing payments) to help the Client understand what the Plan is paying and how it compares to other plans and products. Providing an analysis and comparison of the Plan's current vendor(s) products, services, and pricing to other plans and service providers often is the most important data point in making decisions on vendor partnerships. eBIS may also recommend specific steps that can be taken to reduce those fees, if applicable. When appropriate, eBIS will assist the Client in negotiating fee arrangements and cost structures. As needed, eBIS can assist the Client with the conversion to a new provider's technical or operational platform.

vii. Fiduciary Documentation and Record Retrieval - Regulations require plan sponsors to justify their decisions as fiduciaries. To substantiate the validity of the fiduciary process, plan sponsors must produce a data trail documenting the means that lead to an end. eBIS can enable a collaborative data store as an audit trail on all fiduciary decisions. The Firm uses collaborative, cloud-based technologies to create, edit, share, and discuss documentation affecting a Client's fiduciary process.

> This central and secure data store provides easy access to all fiduciary decision-making documentation needed in case of an ERISA audit, or any other oversight or participant-driven inquiry. The solution has the flexibility to securely add users as service providers increase in number (TPAs, auditors, attorneys, consultants, etc.), and enables remote collaboration with responsible parties.

The terms of each arrangement are detailed in the Investment Management Agreement (private clients) or Advisory Agreement (retirement plans). Either party may terminate the Investment Management Agreement or Advisory Agreement at any time by written notice delivered to the other party.

In support of its investment management services, eBIS can produce white-papers, newsletters, and blog content on various subjects such as portfolio management, retirement planning, and risk quantification.

Finally, ancillary to all consulting and investment management services, eBIS can deliver education and training services to clients. These services can take the form of presentations, in-person training seminars, or online web tutorials. The terms of this arrangement are included in the Services Agreement, Investment Management Agreement, or Advisory Agreement.

Tailored Relationships

Based upon each client's situation, eBIS helps clients understand and plan for their needs, as well as develop and maintain an appropriate long-term investment or risk mitigation plan. In particular, the Firm:

· Seeks a complete understanding of each client's objectives.
· Structures consulting services agreements that specifically define the outcomes to be delivered and the methods employed.
· Tailors an Investment Policy Statement (IPS) to describe in writing the objectives of the portfolio, taking into consideration the client's liquidity requirements, investment horizon, risk tolerance, tax status, and unique circumstances. For pension clients, the IPS will consider the demographics of the plan participants. This Investment Policy Statement may be amended from time to time, as client circumstances or objectives change.
· Implements the Investment Policy Statement using the appropriate account structures and asset classes for the client.
· Monitors portfolio progress and performance through time, and for private clients, rebalances the portfolio as actual asset allocation deviates from target ranges.
· Reports portfolio balances on a periodic basis, not less than annually.
· Meets periodically with clients to review their investment choices and any changes to their financial or risk situation.

Clients may put restrictions on investing in certain securities or types of securities in their portfolios. Where possible, eBIS will strive to accommodate such investment restrictions. The Firm may utilize ETFs or mutual funds where appropriate to maintain broadly diversified portfolios. As such, there may be a limitation in its ability to avoid investments in a specific security or industry. The Firm will disclose and discuss with the client those instances where implementing restrictions might detract from investment performance.

Non-Participation in Wrap Fee Programs

eBIS does **not** participate in wrap fee programs. All portfolio design and management decisions are made by eBIS, including asset allocation, asset location, and buy & sell decisions.

Assets Managed

As of December 31, 2019, eBIS had a portfolio of discretionary investment advisory assets totaling $7,608,946, with no assets considered non-discretionary.

Fees and Compensation

Description and Fee Schedule

1. Risk Management Consulting Services

eBIS is compensated on an hourly basis for its risk management consulting services. Expenses are normally billed separately. The hourly bill rates range from $150 - $300/hr., depending on the type of work to be performed and the required skill set.

eBIS also offers many of the services provided to our prepayment clients on an individual basis as a one-time or limited scope project. In these cases eBIS charges a negotiated fixed fee based on the scope of work and hourly bill rates listed above.

2. Private Client Investment Management

Fees for private client investment management services are charged as a percentage of assets under advisement (AUA) according to the following tiered, annual rate schedule:

Value of Assets Under Advisement	Rate
First $1,000,000	1.00%
$1,000,001 - $3,000,000	0.75%
Above $3,000,000	0.50%

Interpreting the schedule above, a five million dollar account would receive a charge of 1.00% on the first million, .75% on the next two million, and .50% on the last two million for a weighted average charge of .70%. There are no minimum absolute dollar fees per account. eBIS accepts clients on a case-by-case basis, and generally considers all clients with investable assets of at least $100,000.

3. Financial Planning

For those clients requesting a stand-alone, documented financial plan with no implementation services, fees for financial planning are billed by the hour at a rate of $200/hr. For certain private investment management clients who meet assets under advisement (AUA) thresholds, eBIS offers its comprehensive financial planning services packaged under its AUA fee schedule. For those investment management clients who do not meet the AUA threshold, yet request financial planning advice, those services are provided at a reduced hourly bill rate of $150/hr.

4. Retirement Plan Fiduciary Services

Fees for retirement plan fiduciary consulting are charged as a percentage of assets held in the plan based on the complexity of the services requested. Complexity categories are defined as ***Low, Medium,*** and ***High*** according to the number and types of services, which are agreed to and documented specifically in the Advisory Agreement. Each categorization is at the discretion of eBIS after consulting with the client regarding the scope, time requirements, and complexity of the work. The complexity category for each client is identified clearly in the Advisory Agreement. For example, a client requesting 3(38) fiduciary management, plan sponsor fiduciary committee formation, and participant education would likely be considered ***High*** complexity. The fee schedule is as follows:

Value of Assets Under Advisement	Low Complexity Rate	Medium Complexity Rate	High Complexity Rate
Under $1,000,000	0.6%	0.7%	0.9%
$1,000,0001 - $5,000,000	0.4%	0.5%	0.7%
$5,000,0001 - $15,000,000	0.4%	0.4%	0.6%
$15,000,001 - $30,000,000	0.3%	0.3%	0.5%
Over $30,000,000	0.2%	0.2%	0.3%

In all cases, should the plan sponsor request individual investment advice for plan participants, either on a discretionary or non-discretionary basis, such a service is billed separately on a tiered schedule based on the number of plan participants involved.

In instances where the plan sponsor client has no/minimal plan assets (such as at plan origination), eBIS will charge a minimum annual fixed fee starting at $4,000, and scaled to the complexity of the client's needs.

Other aspects of the Firm's Investment Management Agreement fee structure include:
· As a firm policy, we will consider private clients with over $100,000 of investable assets for professional management. Multiple accounts within a client relationship may be aggregated for billing purposes. Retirement plan fiduciary services are available on a case-by-case basis without regard to investment minimums and subject to our annual fixed fee floor of $4,000.
· As client objectives, security types, account management, and reporting complexity all impact the Firm's management costs, the rate schedules above are negotiable under special circumstances.
· In some instances, eBIS may charge a one-time initial set-up fee for investment management accounts. This fee may be charged in situations where an extraordinary amount of up-front work is required prior to the actual management of the account (e.g., accumulation of tax basis information for securities brought under management by client). Such a set−up fee charge will be based on the time required to complete the work and will be authorized in writing in advance with the client, based on an hourly bill rate of $150.

Fee Payment Method

Hourly consulting, financial planning, and negotiated projects are billed monthly in arrears and due on a net 30 basis, with late payment accrual penalties. Prepayment fees are paid quarterly in advance. Investment management fees based on asset size are billed in advance and payable at the beginning of each quarter or at the date eBIS obtains discretionary authority over the assets. The fee is based on the market value of the account at the end of the previous calendar quarter or the date eBIS obtains discretionary authority. For partial quarter payments, fees are pro-rated based on the number of days in that quarter. The Firm's private clients may have their fees deducted from their accounts, or may choose to be billed directly. In some situations, private clients may find it tax-advantageous to have fees directly deducted from their tax-deferred accounts, such as a traditional IRA.

Retirement plan advisory fees may be paid directly to eBIS by the Sponsor or deducted from plan assets. If expensed to the Retirement Plan, the Plan's Named Fiduciary or Trustee must have and use a power to pay eBIS, or to instruct a corporate directed trustee or insurer to pay us. If the Plan pays our fee, the Named Fiduciary or Trustee decides how to allocate that expense among the Plan's accounts, which may include Participants' Plan Accounts. The Firm never has authority to "deduct" or collect our fee from a Plan's or any person's assets. Only the Plan Sponsor can pay our fee or direct the Plan to pay our fee.

The account custodian does not verify the accuracy of the Firm's advisory fee calculation.

Other Types of Fees or Expenses

Management fees paid to eBIS are exclusive of brokerage commissions (see Brokerage Practices), transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other parties. These charges could include custodial fees, deferred sales charges, 12b-1 fees, sub-transfer agent fees, odd−lot differentials, transfer taxes, wire transfer fees, electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Custodial fees may include custodial commissions on mutual fund, ETF, and individual securities trades (purchases and sales). Mutual funds and exchange−traded funds also charge internal management fees, which are disclosed in a fund's prospectus. In addition, some mutual funds assess short-term trading fees for shares held less than a stated period of time. eBIS makes every attempt to manage the sales of such funds with these fees in mind. Such charges, fees and commissions are exclusive of and in addition to eBIS's fees.

Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by the Firm. Such fees may include the investment advisory fees of the asset managers.

The Firm does not receive any portion of these commissions, fees, and costs and strives to negotiate and minimize such expenses wherever possible. Many mutual fund trades are absent any commissions or transaction fees, as custodians often provide a large platform of No Transaction Fee (NTF) funds. In addition, funds that normally carry front or back-end loads are often available at no-load (Net Asset Value or NAV) to investment adviser clients. A fund purchased through eBIS will never incur a load charge (a purchase or sale fee paid to the Adviser or Adviser firm).

eBIS believes that the fees and charges incurred within its management programs are competitive with similar offerings available through other firms, but lower fees may be available. Further, eBIS believes that objective consideration of services should focus on value, taking into consideration the quality and benefit of the services provided relative to the cost. eBIS firmly believes that we provide great value to our clients.

<u>ERISA Accounts</u>

eBIS is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, the Firm is subject to specific duties and obligations under ERISA and the Internal Revenue

Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, eBIS may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

Fee Prepayment

The Firm bills some client contracts in arrears and some in advance. The Firm will not accept prepayment for more than six months in advance. In the case whereby the client or the Firm terminates the Investment Management Agreement or Services Agreement (by providing the other party written notice), the Firm will refund any prepaid and unearned fees. The amount of unearned fees will be calculated by prorating from the date of termination specified in the notice of termination to the end of the billing period.

Additional Compensation

The Firm's sole source of revenue is the management/services fee charged relating to the management of clients' accounts or the provision of advisory services. eBIS:

· Does **not** charge any markup on securities purchased or sold for clients.
· Does **not** receive any compensation based on the securities used in the portfolios the Firm manages.
· Does **not** receive commissions of any kind from trades executed for its clients.

eBIS believes this billing structure provides clarity, objectivity, and reduces conflicts of interest.

Performance-Based Fees and Side-By-Side Management

eBIS does **not** charge, nor does any supervised person of the Firm accept, any performance–based fees or fees based on a share of capital gains or capital appreciation of client assets.

Types of Clients

eBIS has historically provided risk management consulting services to large, diversified financial services companies. Normally these companies are engaged in one or more lines of business such as traditional deposit taking and loan making, insurance, investment banking, cash management, treasury services, custody, asset management, wealth management, and broker/dealer services.

eBIS applies the same concepts used in the delivery of risk management consulting to its portfolio management process, with a focus on downside risk, capital adequacy and diversification. eBIS provides portfolio management services to individuals, trusts and estates, corporate retirement and profit-sharing plans, individual retirement plans, charitable organizations, foundations, endowments, and other entities. The minimum account size is normally $100,000, but is determined on a case-by-case basis.

eBIS provides financial planning services to individuals, trusts and estates, charitable organizations, foundations, endowments, and small businesses. The scope of planning services may differ depending on the type of client in question.

eBIS also offers a comprehensive set of fiduciary services to corporate retirement plan sponsors. These clients are businesses that have, or are in the process of establishing, defined contribution pension plans for their employees. These clients can span industries and geographies and have no specific profile other than a employee retirement plan governed by ERISA. eBIS does not require a minimum account size, but does charge a minimum annual fee of $4,000 if their plan assets fall below this billing floor.

Methods of Analysis, Investment Strategies, and Risk of Loss

Methods of Analysis and Sources of Information

The analysis and selection of securities for client portfolios is based on the cumulative investment experience and research by the Firm's investment professionals. Sources of information utilized for security analysis and investment decision making may be derived from, but not limited to, the following: (i) commercially available data and evaluation sources, (ii) securities rating services, (iii) general economic, market and financial information, (iv) due diligence reviews, (v) specific investment analyses, (vi) financial publications, periodicals, newspapers, journals, and academic white papers, (vii) prospectuses and statements of additional information, and (viii) other issuer-prepared information.

The Firm's advisers also attend various investment and financial planning conferences. Research is received from consultants, including financial economists affiliated with mutual fund and ETF providers and other firms. These firms may also provide historical market analysis, risk/return analysis, and continuing education services. Various computer software programs from third parties may also be utilized to better model the historical and/or expected returns of designed portfolios.

Investment Philosophy and Strategy

The Firm's management philosophy incorporates many of the principles of "Modern Portfolio Theory" (MPT). This theory has been thoroughly researched and supported for decades by leading financial academics, including several Nobel Prize winners. The investment management strategy is based on several fundamentals, including:

· The importance of asset allocation – The theory states that the construction of an investment portfolio as a whole is more important than individual security selection. The appropriate investment allocation across asset categories (e.g., income generators, risk assets, diversifiers) will have far more influence on long-term portfolio results than the selection of individual securities.
· Long-term investing – Investing for the long-term, preferably longer than twenty years, becomes critical to investment success because it allows the long-term characteristics of asset categories, and the asset classes that lie beneath them, to surface.
· Evaluating portfolio risk – Risk is the uncertainty regarding future returns (or losses) on an investment. Risk is a critical component of investing and creating portfolios. The theory states that investment portfolios can be created and tailored to a level of expected risk. Over long periods of time, there is a relationship between the level of risk assumed and the return that can be expected in an investment program, i.e., a given set of investment options.
· Benefits of diversification – The level of risk can be reduced by increasing the diversification (types and number of securities) in a portfolio without significantly changing the portfolio's overall expected return. Or, perceived from the opposite vantage point, the portfolio's overall expected return can be increased, while maintaining a given risk level, by increasing effective diversification. Diversification should be implemented within and across asset classes.
· Asset location – Matching investments with different tax treatments and available account types can result in more favorable after-tax returns (e.g., some investments are better held in a taxable account while others best held in a tax deferred account like an IRA).
· Costs & taxes matter – Investment costs are necessary, but minimization of investment costs and taxes can enhance long-term performance.

It is important to note eBIS's perspective on market efficiency, which is also central to MPT:

· Market efficiency − MPT states that the securities markets are fairly "efficient," although not always rational. Efficiency means that the price of financial assets reflects all information publicly available. Therefore, it is impossible to know ahead of time the next direction of the market as a whole. From an investment perspective, the theory implies that investors cannot consistently out−perform the overall market by conducting "active" investment strategies. "Active" investment strategies include attempting to "time the market" and conducting "stock picking."

eBIS believes in the semi-strong form of efficient markets for very actively traded, liquid markets, such as those for large-cap U.S. equities. However, over the last 20 years, many new asset classes and markets have emerged that are not as actively traded or liquid. Examples include frontier developing markets equity, emerging markets debt, and high yield debt and peer-to-peer lending. For these markets, we recommend an allocation to active security selection at a reasonable cost. We believe that, in these less than efficient markets, security selection can add value if licensed at a reasonable cost. In addition, we believe that trading on the irrationality of market participants can create uncorrelated profit opportunities, and plays a role in our allocation to each asset category, as well as our tactical allocation within each asset category. It is important to note that irrational behavior can often create profit opportunities in otherwise efficient markets. An example of irrational behavior includes the series of bond-buying programs by the Federal Reserve from 2009 – 2014, where debt securities were purchased, sometimes irrespective of valuation, in order to provide liquidity to the overall market. While these programs served a greater systemic need, they did not reflect the behavior of a prudent investor.

It should be noted that security selection represents the lowest level of portfolio construction, contributing the least to overall portfolio return (according to MPT). In inefficient and irrational markets, however, we believe that low-cost security selection can add value. Normally this approach takes the form of professionally managed mutual funds, ETFs or separately managed accounts, where manager expenses, fundamental investment approach, and past performance across economic cycles are the primary drivers for selection. For those markets that have proven sufficiently liquid and efficient through time, the Firm recommends a passive approach to security selection, although active management at a reasonable cost may also add value in irrational markets. Not to be confused with indexing, passive investing uses a fundamental approach to investing that considers market return anomalies and factors of return in an attempt to a) lower costs, b) enhance returns, and/or c) reduce risk. Broadly, this fundamental approach to passive investing can be bifurcated into two camps: factors of return and minimum volatility, both of which are discussed below. Passive investing can also take advantage of return and cost minimization opportunities at the margins, employing trading techniques that maximize/minimize the bid/ask spread on trades, securities lending (with an embedded indemnification of loss), and sampling an index (or investment universe) instead of investing in every security.

Defining the first camp of fundamental passive investing, eBIS is a proponent of the factors of return theory, originally developed by Eugene Fama and Kenneth French and focused on equity investments. This theory develops a relationship between securities returns and the factors that drive those returns, namely the equity risk premium, price-to-book value (high price-to-book underperforms low price-to-book), and capitalization level (small capitalization outperforms large capitalization). eBIS extends this original three-factor model to two additional factors: gross profitability measures and momentum (which cuts across asset classes). We believe that corporations that generate consistently high levels of gross profit, or revenue minus cost of goods sold (irrespective of strategic expenses like research and development and non-cash expenses like amortization and depreciation), offer a return premium, as do trading techniques that follow the trajectory of asset prices (the tendency for prices to continue to increase or decrease). Attractive gross profit has sub-components that influence it and corporate actions that reflect it. These variables include high sales levels (adjusted for leverage) that often translate into high free cash flow, which can enable the corporation buy back stock or issue dividends. Sales, free cash flow, stock buy backs and dividends are all fundamental factors that influence or reflect profitability and can be included as security selection criteria. Thus, eBIS portfolios tend to over-weight small capitalization and value stocks, companies that generate healthy gross profit, and securities that have been trending upward (while under-weighting those that are trending downward). It is important to note that these "return factors" are simply used to overweight a portfolio allocation. eBIS portfolios will still have diversified allocations, representing large capitalization and growth stocks, low gross margin companies, and securities that have no discernible price trajectory, albeit at an allocation level below alternative investment options that contain the return factors described above.

eBIS allocates capital at the individual security level in an attempt to limit asset class volatility, known as minimum volatility strategies. This second camp of fundamental passive investing uses the mathematics that underlies geometric returns as a guide to security selection. (See *Understanding Risk & Risk of Loss*) Quite simply, low volatility investments outperform high volatility investments. Research suggests that this return anomaly is attributable to investor preference for high volatility securities, perhaps because they receive the most publicity and are reported on more frequently by mass media. Thus, high volatility investments may have their prices irrationally "bid up", representing a market mis-pricing[1]. Paradoxically, these investments consistently underperform investments that exhibit a low volatility return stream. As a result, eBIS includes in its investment model some funds that select investments based solely on their historical price volatility.

The next level of portfolio construction is the allocation of capital within an asset category, across asset classes. Of primary concern is the inclusion of the proper asset classes within a given category and adequate diversification across and within the classes. Selection of asset classes is driven by three variables: 1) anticipated risk-adjusted return, 2) correlation analysis (see *Understanding Risk & Risk of Loss)* and 3) behavior of asset classes in various economic cycles. Regarding point 3), eBIS studies asset returns across a quadrant, representing two binary variables: economic expansion and inflation. History has shown that asset classes have unique performance characteristics depending on the economic climate, which can assist correlation analysis in building portfolios that perform well, on a relative and risk adjusted basis, across economic scenarios. We find this approach especially important given the relative homogeneity of economic climate over the last 30+ years in the U.S. From the early 1980's through the turn of the millennium, the U.S. enjoyed a relatively consistent high growth, low inflation climate (marred by one short recession in the early 90's), where domestic stocks performed admirably. The last fifteen years has seen the U.S. experience low growth, bookended by one mild (dot-com bubble) and one severe (global financial crisis) recession, mixed with consistently low inflation. All told, recessions have been very infrequent and inflation very tame by historical standards over the last 30+ years. If history is any guide, it is important to be cognizant of, and protect against, economic climates that may have faded from memory and seem unlikely given recent history. While we feel it is futile to try to consistently predict economic variables, we do feel it of high importance to protect our clients' investments in any economic setting, and our economic quadrant study is the main vehicle for accomplishing this end.

Secondarily, eBIS does consider relative valuations in asset class allocation. While implementing the core principles of MPT, we periodically analyze the efficiency and rationality of markets for market

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[1] Li, Sullivan, and Garcia-Feijoo. 2016. "The Low-Volatility Anomaly: Market Evidence on Systematic Risk vs. Mispricing." *Financial Analysts Journal,* vol. 72, no. 1 (January/February).

opportunities. In this regard, eBIS implements tactical "tilts" within each asset category on a periodic basis based on valuation analysis. Are U.S. Treasury securities over-valued relative to other high-quality sovereign bonds or municipal securities? Are domestic high yield corporate bonds expensive relative to high yield retail credits? Is domestic real estate expensive relative to frontier equity markets? The answers to such questions might lead eBIS to adjust asset class allocation weights within asset categories through time, while making sure to not disrupt the gross benefits of correlation and economic cycle relationships. The method for answering these questions relies on empirical analysis of macro factors such as sovereign debt levels, interest rates, inflation, money supply, central bank policies, geo-political developments and market valuation metrics. eBIS endeavors to analyze and set recommended tactical allocations no less frequently than semi-annually.

Tactical allocation is executed across asset classes within an asset category. Examples of the target asset classes within eBIS's three asset categories are outlined below:

<u>INCOME GENERATORS</u>

- Money Market Securities
- High Quality Government Bonds
- Inflation Protected Bonds (TIPS)
- Agency Mortgage-Backed Bonds (GNMA)
- Other Government Agency Debt Securities
- High Quality Securitizations
- High Quality Municipal Bonds
- High Quality Corporate Bonds
- High Quality Retail Credits
- High Quality Real Estate Bridge Loans
- Low Duration Bank Loans
- Unconstrained Bond Strategies

<u>RISK ASSETS</u>

- High-Yield Government Bonds
- High-Yield Municipal Bonds
- High-Yield Convertible Securities
- High-Yield Corporate Bonds
- High-Yield Preferred Shares
- High-Yield Retail Credits
- High-Yield Real Estate Bridge Loans
- High-Yield Student Credits
- Large Cap Publicly Traded Stocks
- Small/Medium Cap Publicly Traded Stocks
- Energy Infrastructure MLPs & Alternative Energy Investments
- Real Estate Investment Trust Securities

<u>DIVERSIFIERS</u>

- Liquid Arbitrage Strategies
- Liquid Multi-Strategy Funds
- Liquid Market Neutral Strategies

- Liquid Global Macro Strategies
- Liquid Managed Futures Strategies
- Liquid Long/Short Strategies
- Commodities
- Options Volatility Strategies

eBIS implements portfolios that allocate capital to many, if not all, of the asset classes listed above for each asset category, depending on the economic environment. The decision to invest in any asset class is determined by a number of factors in addition to relative valuation, including investment risk, correlation, cost, liquidity, and tax efficiency. For each asset class that receives capital, eBIS strives to ensure that no positions are excessively concentrated and a wide range of positions are employed.

To this end, eBIS predominantly invests in baskets of securities in one or more of the following forms:

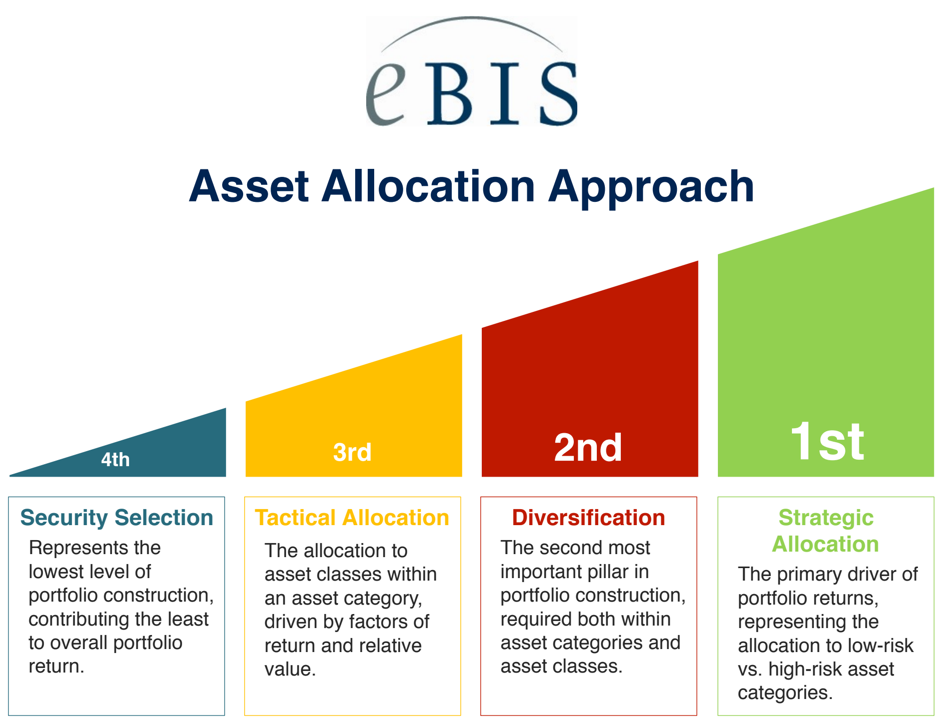
- Open-end mutual funds
- Closed-end mutual funds
- Exchange traded funds
- Separate Accounts
- Trusts

The Firm may also invest in individual securities for private clients, where the purchase of single securities has advantages for tax reasons. In all cases, and consistent with Modern Portfolio Theory, individual security selection is not undertaken with the primary aim of beating the market or benchmark return, but rather to compliment the other securities in the portfolio to create risk and tax efficiencies. Individual securities or private placement notes for private clients can include:

- Large Cap Common stocks
- Retail Credits
- Bridge Real Estate Loans
- Municipal bonds
- U.S. Treasury securities
- Certificates of deposit

The security selection and tactical allocation within an asset category, driven by assessments of market efficiency, factors of return, minimum volatility, correlation/economic cycle relationships, irrational behavior of market participants and macro factors, can be contrasted with the strategic asset allocation, which is the allocation to low risk vs. high risk investments. As a first order allocation, eBIS bifurcates the asset categories into two camps: low volatility and high volatility. Income Generators are always modeled for low volatility, Risk Assets are always modeled for high volatility, and Diversifiers are split between the two, depending on the risk profile of the specific asset class. Diversifiers will play a role in both the low volatility and high volatility allocations, albeit at varying percentages, depending on the market environment.

It should be noted that the primary drivers of portfolio return are the strategic allocation to each asset category and adequate diversification within each asset category and asset class. The selection of securities and the tactical allocation across asset classes play a smaller role in overall portfolio return. Represented visually:



For private clients, eBIS will recommend an initial strategic allocation of assets (among the asset categories of income generators, risk assets, and diversifiers) after working with the client to determine:

- Goals and objectives, risk tolerance, and investment horizon.
- The cash requirements for the portfolio (as well as expectations for future cash inflows or outflows).
- Any constraints under which eBIS would manage the portfolio (e.g., low cost basis stock that should be carefully evaluated to minimize recognition of capital gains, current tax status, and any anticipated change in tax status).
- Any circumstances unique to his/her individual situation.

For defined contribution retirement plan clients, eBIS may construct institutional-quality portfolios in separate accounts, providing the option of a single investment vehicle for plan participants. A variety of separate accounts, structured by risk profile, allow employees to choose the investment approach that is aligned with their risk appetite. In addition, investment menus will normally include a variety of low-cost investment funds that span asset categories and classes, providing the tools for employees to construct their own tax-deferred investment portfolios if they so choose.

eBIS does not allow day-to-day changes in the financial markets to dictate changes in its long-term strategic asset allocation for our clients. When the strategic allocation is agreed upon, we draft a customized Investment Policy Statement (IPS). This document outlines the investment objectives and constraints of the particular client, be it a private or corporate retirement client. The Investment Policy Statement assists both the client and the Firm with a clear understanding of the strategy, as well as providing the client with a meaningful method for evaluating the portfolio and the Firm. The strategic allocation should remain static, unless variables in the bullet points listed above change. In this regard, the IPS should be periodically reviewed and modified based upon changing client needs and objectives. For private clients, once the target allocation is set, eBIS analyzes the mix of taxable and tax deferred accounts to build the desired portfolio to optimize the client's after-tax rate of return. This strategy is implemented by utilizing the distinctive tax attributes of the different client accounts. Although the Firm cannot guarantee performance, it strives to create portfolios that, in the long run, should have a reasonable probability of meeting client objectives.

Finally, eBIS believes in the value of being contrarian. We do not buy winners and sell losers; generally, we are more apt to buy losers and sell winners. We implement this contrarian approach from a macro level through portfolio rebalancing. We implement strategic and tactical allocation targets and then rebalance against these targets, while optimizing the tax consequences, once a variance threshold is breached. This process naturally harvests gains and reinvests the proceeds in assets that have recently underperformed. This contrarian approach not only helps maintain an intended risk/return profile through time, but also has shown historically to lower portfolio risk and improve the risk/return ratio.

Understanding Risk & Risk of Loss

A guiding principle for our firm is the management of risk as a means to enhanced long-term return. A focus on risk means that our portfolios will likely underperform in strong bull markets for any one asset class but should provide an attractive risk/return profile in sideways and bear markets. Why would any investor want to forego the highest possible upside return? We use mathematics, specifically the compound annual growth rate (CAGR) calculation, which determines the average client portfolio return through time, as the guide to answering this question. Based on the mathematic principles of geometric returns, CAGR is negatively impacted by volatility and disproportionately so by negative returns. Comparing two return profiles with the same mean return, the profile with lower volatility, or the dispersion of returns relative to the average, will provide a higher CAGR. Further, negative returns require a positive return factored by the magnitude of the loss to break even. For instance, a 10% loss requires an 11% gain to break even, a 25% loss requires a 34% gain to break even, while a 50% loss requires a 100% gain to break even. Quite simply, volatility and negative returns are really bad for investors. Our approach to risk management keeps these mathematical maxims squarely in focus. eBIS constructs portfolios with the aim of minimizing volatility and mitigating negative returns. The former is accomplished through investments that, historically, have realized low volatility relative to other variants within an asset class. Within the income generation asset category, this strategy normally takes the form of low duration securities, which incur lower price volatility as a result of interest rate swings, and high credit quality debt issuers, where repayment of principal is of high confidence. In the equity portfolio, eBIS allocates capital to companies that demonstrate strong financial metrics such as low leverage, high free cash flow, revenue growth, dividend increases and/or stock buybacks, which act as buffers against downside stock price volatility. As a case in point, minimum variance U.S. equity portfolios have shown favorable risk and return dynamics against the S&P 500 index since its inception in 1926, with similar risk and return findings internationally in the equity class and across other asset classes as well.

Minimizing the effect of negative compounding is accomplished through mean variance optimization and correlation analysis. Stated simply, we want portfolios of assets that zig and zag in different directions, ideally with a tight variance around an average return, such that a loss in one asset class can be offset by a gain in another asset class. We study the correlations of asset classes to determine the optimal asset mix for a given risk level. Through an analysis of asset classes and correlations, we build optimal frontiers for asset allocation (a frontier highest and furthest to the left on an x axis “risk”, y axis “return” chart).

Other firms espouse alternative risk management techniques, such as those that use derivative hedges against downside price volatility. We do not recommend this approach, for it suffers from one or more of the following deficiencies: it’s costly, often does not deliver a perfect hedge, and limits the upside potential of an investment. Correlation, on the other hand, is **FREE** and does not limit the investment’s upside potential. While correlation does not guarantee a downside risk hedge, eBIS firmly believes that it provides the best cost and return-adjusted risk mitigation approach over long periods of time (> 10 years, preferably 20 years).

While eBIS builds portfolios with a focus on risk mitigation, investing in securities involves risk of loss that clients should be prepared to bear. eBIS does not guarantee the future performance of any client’s portfolio or the level of success of a recommended strategy. Also, the Firm informs clients that investment decisions will not always be profitable. The Firm does seek to reduce and limit risk through techniques described above, and by investing in broadly diversified vehicles within and across investment categories and classes. When evaluating an investment strategy, eBIS works with its clients to identify risks and manage/minimize risk wherever possible. Types of risk can include:

- Inflation risk - The risk that investment returns will be below the general increase in prices due to inflation.
- Investment style risk - The chance that returns from one investment style will trail returns from another investment style.
- Manager risk - The chance that poor asset selection within a specific investment style will cause an asset manager to underperform other managers with similar investment objectives.
- Credit risk - The chance that a bond issuer will fail to pay interest and principal in a timely manner or at all.
- Interest rate risk - The chance that bond prices will change based on a move in interest rates (bond prices decline as interest rates rise). Relative to fixed income securities with near term maturities, longer

maturity bonds will have a larger change in price for a move in interest rates (with the level of coupon payment affecting price sensitivity as well).

- Reinvestment risk - The potential exposure that a bond investor will have to accept a lower yield upon receiving the interest or principal from a maturing bond.
- Early redemption risk - Some bonds have features that allow the bond issuer to repurchase or redeem the bond before maturity at a specific price. This risk is the chance that the borrower will do so and thus expose the investor to a lower than expected return on that bond investment.
- Systematic risk - Also known as “market risk,” this is the chance of a severe drop of an entire financial market (e.g., political upheaval, natural disaster, etc.).
- Unsystematic risk - Also known as “specific risk”, this is the chance of a decline in the value of a particular asset (i.e., an individual stock declines while the overall stock market is not impacted).
- Currency risk - The chance that investments in a particular country or economic region will decrease in value if the U.S. dollar rises in value against that country or economic region’s currency.
- Tax risk - The chance that the taxing authority changes its tax rates or policies (e.g., rescind tax exempt status of particular bonds).
- Country risk – The chance that events, i.e., political upheaval, financial troubles, or natural disasters, will weaken a country’s financial markets.
- Regional risk – The chance that an entire region of the globe will be hurt by political upheaval, financial troubles, or a natural disaster.
- Liquidity risk - This is the risk whereby the ability to buy or sell a security becomes more difficult and, therefore, negatively impacts the price at which one is able to transact in the security. Some securities, such as some private placement notes, have no secondary market and liquidity is only available at maturity of the note.

Disciplinary Information

eBIS and its employees have **not** been involved at any time in any legal or disciplinary events, either civil or criminal, that would be material to the evaluation of the Firm or the integrity of its management.

Other Financial Industry Activities and Affiliation

No Other Registrations

eBIS strives to avoid potential conflicts of interest by maintaining its business focus as a financial risk management consultancy and independent registered investment adviser. More specifically, the Firm and its employees:

· Are **not** registered as a broker−dealer.
· Are **not** affiliated as a registered representative or associated person of a broker−dealer, or other securities entity.
· Do **not** have economic relationships or arrangements with any other related persons or entities that are material to its advisory business.

No Other Material Relationships

eBIS does **not** recommend other investment advisers to its clients for which the Firm receives direct or indirect compensation.

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

Description

eBIS promotes and assumes fiduciary responsibility. As a fiduciary, eBIS and its employees maintain an ongoing commitment to act solely in the best interests of its clients. This duty compels all employees to act with the utmost integrity in all dealings. To document such a policy, eBIS has adopted a Code of Ethics to which all its employees adhere. The key components of the Code of Ethics include:

· Employees are expected to act in the best interest of each of the Firm's clients and the interests of clients will be placed ahead of the Firm's or any employee's own investment interests.
· Employees are expected to conduct themselves with the utmost integrity and to avoid any actual or perceived conflict with the Firm's clients.
· Employees will not take inappropriate advantage of their position with the Firm.
· Employees are expected to conduct their personal securities transactions in accordance with the Insider Trading Policy section of the Code of Ethics.
· Employees are expected to exercise diligence and care in maintaining and protecting its clients' nonpublic, confidential information (see below).
· Employees are expected to comply with federal and applicable state securities laws and to promptly report violations to the Firm's Chief Compliance Officer.
· Individuals not in observance of the Code of Ethics will be subject to disciplinary action.

eBIS monitors compliance with the personal securities requirements of its Code of Ethics. More specifically,

· The Firm requires all employees who possess access to the Firm's advisory recommendations ("Access Persons") to provide to the Firm's Chief Compliance Officer:

- Quarterly reports detailing transaction activity for that period, and
- A complete list of securities held at year-end.

· All employees of eBIS review and provide a written commitment to adhere to the Firm's current Code of Ethics.

eBIS will provide a complete copy of its Code of Ethics to a client or a prospective client upon request.

Confidentiality of Information

eBIS is committed to safeguarding confidential information of all its clients. The Firm has adopted policies in order to protect such personal information:

· Each employee is required to comply with eBIS's Code of Ethics, Privacy Statement (provided annually to all clients), and Privacy Practices and Procedures, which reiterate the confidentiality of client information, as well as the procedures to protect it.

· In complying with applicable laws and regulations, the Firm maintains physical, electronic, and procedural safeguards to protect personal information. Physical files relating to client information are securely locked in a filing cabinet. The custodian's website is encrypted and fire-walled and the adviser password is required to be changed frequently. Private client data and portfolio information compiled by eBIS resides on a cloud-based server that is password protected and fire-walled. Cloud computing also provides redundant backup such that data is not lost and is recoverable should a technical error occur.
· In order to implement strategies and transactions or to facilitate tax filings, the Firm may be required to provide confidential information to non-affiliated third parties, such as broker-dealers, tax professionals, attorneys, bankers, and other investment-related businesses with which clients conduct business. In such situations, the Firm provides only the information required to implement the strategy or transaction.
· All third-party service providers requiring access to confidential information must maintain appropriate security measures to protect such confidential information consistent with applicable state and federal regulations.
· The Firm continuously reviews the protection of confidential information and provides ongoing, firm-wide education and training regarding confidential information.

Client Transactions

eBIS does **not** recommend clients buy and sell any security in which it or any related person has a material financial interest. A related person includes the Firm's officers, partners, directors, and all current employees with the exception of support staff.

Employee Security Purchases

eBIS, its employees, and/or an employee's family may own shares of securities, directly or indirectly, that the Firm recommends to clients. Any beneficial ownership of securities which could reasonably be expected to influence or bias objective advice is disclosed to clients prior to effecting transactions.

In general, employees of eBIS purchase for their own accounts mutual funds or readily marketable securities that have negligible market pricing impact. The Firm, however, requires all Access Persons receive pre-approval of personal trades in those securities that could possibly result in a conflict of interest with clients.

Timing of Employee Security Purchases

eBIS manages accounts on a client-by-client basis and rarely enacts transactions across all client accounts. As a result, it is impractical for the Firm to institute security-specific trading windows for its employees. To minimize potential conflicts, Firm employees executing personal security transactions that could possibly result in a conflict are required to obtain pre-approval for the potential transaction. Once approved, the employee is required (i) to trade on the exchanges in the last hour of trading when substantially all client trades are completed for the day (if the employee is trading in securities that were also traded in client accounts that day), or (ii) to include the transaction in a bundled market order with client transactions, submitted electronically to the trading custodian. An exception to (i) can occur if the employee has placed a good-till-canceled limit order that executes intra-day, blind to other client trading activity. The Firm believes that employee transactions are very unlikely to have a material impact on the pricing of client security purchases or sales.

Brokerage Practices

Brokerage Firm Selection (Custodian)

eBIS is independently owned and operated and is not affiliated with any broker dealer or investment company.

eBIS utilizes the services of non-affiliated brokerage custodians to hold and safeguard client securities and implement securities transactions. eBIS will recommend that clients establish brokerage accounts with a broker-dealer that:

· Is registered with the Financial Industry Regulatory Authority (FINRA), the largest independent regulator for all securities firms doing business in the United States.
· Is a member of the Securities Investor Protection Corporation (SIPC), a federally mandated, nonprofit, member-funded corporation that protects clients of brokerage firms that are forced into bankruptcy.
· Has access to institutional trading, custody services, mutual funds, and other investments that are otherwise generally not available to retail investors (or would require a significantly higher minimum initial investment).

While transaction costs are a primary consideration in selecting and recommending custodians, firm size, financial stability, years in business, execution, responsiveness, custodial services, analytical tools and client reporting are also taken into consideration in the selection process.

Non-Participation in Soft Dollar Transactions

eBIS does **not** receive research or other products (known as "Soft Dollars") in connection with client security transactions.

Referrals

eBIS does **not** receive referrals from any broker dealer or custodian.

Brokerage Recommendations

The Firm uses TD Ameritrade as its primary brokerage custodian for client accounts, with Strata Trust and IRA Services Trust Company as custodians for certain marketplace lending and peer-to-peer lending investments. The Firm is in the process of researching and recommending additional brokerage custodians for client accounts, which may be better suited for certain clients (high net worth, pension trading, etc.). In some instances where client circumstances dictate, a secondary brokerage custodian may be used in addition to the primary. Although eBIS will make a recommendation, it is the client′s decision to custody assets with a particular broker–dealer. That said, for our and our clients' operational ease and simplicity, we advise clients to follow our custodial recommendations.

The Firm's recommendation that clients establish accounts at a particular firm to custody their investments will be based upon both the brokerage services offered to the client and the availability of benefits received by eBIS. Benefits include access to (i) client account data, (ii) electronic duplicate statement and confirmations, (iii) pricing and market data, (iv) institutional, administrative, and trading staff, (v) practice management information and publications, (vi) conferences and educational sessions, (vii) institutional mutual funds that are not available to retail investors, and (ix) discounted third party vendor agreements, including software and compliance vendors. Such benefits may create a potential conflict of interest as clients may pay higher transaction fees than they might at other discount brokers.

While there are no known direct costs to clients as a result of these discounts and services provided to the Firm, there is financial benefit to eBIS. This may create an incentive for the Firm to recommend one custodial broker over another. It is the policy of eBIS that such services may not be a factor in recommending a broker or any investment. Rather, such recommendations may only be based on the full range and quality of the broker′s services including execution capability, commission rates, financial condition, responsiveness, and the overall value and quality of custodial services provided to the client.

Although clients may be able to obtain lower fees at other custodians, eBIS will endeavor to negotiate low fees with the chosen custodian. The Firm will monitor its chosen custodians' fee structure relative to fees and services offered at other custodians. eBIS will never be under commitment with a specific custodian and can recommend custody at competitors, should the situation warrant.

Where appropriate, the Firm will recommend clients maintain a Prime Brokerage account. Maintained at the client's custodian, a Prime Brokerage account will allow eBIS to execute trades, on the client's behalf, through other broker–dealers and settle the trades in the client's custodial brokerage account. This flexibility allows the Firm to shop for best pricing on securities with additional outside brokers. The custodial broker will charge a fee for each transaction utilizing the Prime Brokerage account. This fee will be taken into account by eBIS in evaluating the merits of trading through other brokers. In most cases, there is no additional net cost and often a net benefit to the client involved in such trades. For example, a specific bond may not be available through the client's custodial broker or a better price can be secured through another broker. The allocation of prime broker trades is based upon the specific needs of each individual client.

Aggregated Transactions

The issue of "aggregating the purchase or sale of securities" does not currently affect eBIS's operations or the trading of client accounts. As a matter of policy and practice, eBIS does not generally block client trades and, therefore, will typically implement client transactions separately for each account. Due to this practice, certain client trades may be executed before others and, depending on the type of security traded, may be executed at a different price and/or commission rate. Additionally, eBIS clients may not receive volume discounts which may be available to advisers that block client trades.

Review of Accounts

The investment portfolio monitoring and reviewing is a continuous process. With the assistance of software programs, all reviews and updates are performed by the employees of eBIS who are responsible for all accounts and client relationships.

Portfolio Reviews

The Firm maintains a disciplined, ongoing approach concerning portfolio reviews to:

· Rebalance the portfolios through time to the target asset category allocations set forth in each client's Investment Policy Statement (IPS). eBIS also rebalances to the subjective tactical allocation that it recommends. Rebalancing is implemented on an "as needed" basis and not on any periodic schedule.
· Realize tax losses ("tax loss harvesting") in taxable accounts.
· Identify bonds maturing or being redeemed early so the proceeds can be efficiently reinvested in a timely manner.
· Identify new funds deposited, assets transferred into the account, and cash balances from distributions and redemptions for effective investment and allocation.
· Review and accommodate client's cash needs (in case cash is needed for the client to withdraw on a scheduled, periodic, or one-time basis).
· Implement decisions to change the Firm's tactical portfolio composition or the client's strategic portfolio allocation (first requiring an IPS amendment).
· Accommodate client-directed modifications.

eBIS considers the review process as perpetual. Regardless, client accounts will generally be reviewed at least annually.

Client Reports

The chosen custodian(s) or record keeper(s) will provide clients with a monthly and/or quarterly report detailing the securities held in their investment portfolio, a detailed list of all transactions, including investment advisory fees within the reporting period, and a summary of investment allocation.

For private investment clients, eBIS also prepares quarterly investment performance reports, detailing each client's accounts and total portfolio performance over various time periods (month, year-to-date, 3 years, etc.). Clients also receive a quarterly invoice for all fees billed by eBIS, detailing the billing calculation, total fee amount, and accounts from which the fees were drawn.

Client Referrals and Other Compensation

Economic Benefit from Others

eBIS does not accept referral fees from other professionals when a client is referred to another firm. The sole source of revenue for eBIS is its management fees.

The Firm:

· Does **not** charge any markup on any securities purchased or sold for clients.
· Does **not** receive any compensation based on the securities used in the portfolios managed.
· Does **not** receive commissions of any kind from trades executed for its clients.

Custodian broker–dealers (see Brokerage Practices) and mutual fund companies may also make available to the Firm other products and services that may directly benefit the Firm. These services may include (i) compliance, legal and business consulting; (ii) publications and conferences on practice management; and (iii) educational or business events. eBIS strives to avoid having such economic benefits impact either the selection of investments or its recommendation for custodial relationships.

Compensation to Others

eBIS may receive client referrals from existing clients, accounting firms, law firms, business professionals, and other sources. The Firm does not pay for these referrals under any circumstances.

Custody

The Firm strives to create as many safeguards for its clients' assets as possible. As such, the Firm does not possess, or act as "custodian" of, client assets. It is the policy of eBIS to **not** accept custody of client securities. An independent custodian physically maintains possession of securities included in client accounts, records and collects dividend and interest payments, redeems maturing securities, and effects receipt and delivery of securities and monies following purchases and sales. The custodian provides copies of all trade confirms to the client upon trade execution, as well as monthly/quarterly account statements, which show all account activity. In addition, clients have 24/7 online access to their accounts via the custodian's secure website at no cost.

Each client fills out and signs a custodial application. For discretionary accounts, the application contains a limited power of attorney for eBIS to manage the assets, make trades (where applicable), and charge investment management fees to the accounts (private clients). With this written consent, eBIS has the authority to deduct management fees from a private client's accounts on a periodic basis. This practice can be efficient for both the client and the investment adviser, as well as potentially provide tax benefits for the client when fees are paid from certain tax-deferred accounts. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their fee calculation.

All clients are free to alter their account agreement or terminate their account and transfer their assets to any bank or brokerage firm of their choosing at any time.

Investment Discretion

eBIS provides services on both a discretionary and non-discretionary basis. Non-discretionary services are generally limited to Retirement Plan Fiduciary Services, as applicable under ERISA Section 3(21), whereby eBIS makes recommendations on investments for inclusion in retirements plans and, in some cases, recommendations on allocation of assets within an employee's account, yet the client has ultimate control over decision making.

For Private Client Investment Management and Retirement Plan Fiduciary Services governed by ERISA Section 3(38), eBIS generally assumes limited discretionary authority. By utilizing limited discretionary authority, eBIS manages client accounts in a manner consistent with their stated investment objectives as described in their Investment Policy Statement. To allow the Firm to manage the accounts, clients grant the Firm discretion by signing eBIS's Investment Advisory Agreement and signing the custodian's limited power of attorney agreement contained in the new account forms (or a separate limited power of attorney document).

With this authority, eBIS has the discretion to determine inclusion of investments in retirement plans, including the Qualified Default Investment Alternative (QDIA), and execute purchases and sales of securities for specific individual accounts without obtaining specific client consent. This limited authority does **not** permit unauthorized withdrawals from client accounts. As with all investment recommendations, client investment objectives and constraints are identified and used as the overriding criteria in the investment selection process.

Voting Client Securities

For Retirement Plan Fiduciary Services clients, eBIS does not vote client securities.

For Private Client Investment Management, unless the client designates otherwise by providing the Firm with notice in writing, the client is responsible for voting the proxies governing its securities. Should the client provide such notice in writing, eBIS can vote proxies for securities over which it maintains discretionary authority, as authorized under the custodial agreement. The Firm has established the following policies and procedures for voting proxies for its clients:

· The Firm's policy is to vote proxies in the interest of maximizing shareholder value. Consistent with its fiduciary responsibilities, the Firm provides consideration to both the short‒term and long‒term implications of the proposal to be voted on when considering the optimal vote.
· eBIS has currently identified no significant conflicts of interest between its clients' interests and its own within the proxy voting process.

Financial Information

eBIS is **not** required to provide financial information to its clients because:

· The Firm does **not** require the prepayment of more than $500 in fees and six or more months in advance,
· The Firm does **not** take custody of client funds or securities,
· The Firm does **not** have a financial condition or commitment that impairs its ability to meet contractual and fiduciary obligations to clients.

The Firm has **never** been the subject of a bankruptcy proceeding.

Requirements for State Registered Advisers

Principal Executive Officers and Management Persons:

Pete Shannon, CFA, CFP®
Year of birth: 1972

Educational Background:
B.A., Degree in Business Administration, Franklin & Marshall College, 1996. Cum Laude, Pi Gamma Mu.
CFA, Chartered Financial Analyst, CFA Institute, 2004
CFP®, Certified Financial Planner, CFP Board, 2015

Business Experience:
President/Founder, eBIS, Inc. (July 2001 – Present)
Portfolio Manager, Dowling & Yahnke Wealth Management (August 2011 – February 2012)
Product Lead, PeopleSoft (since acquired by Oracle) (September 1998 – June 2001)
Project Manager, Franklin Templeton Investments (August 1996 – August 1998)
Commodities Trader, International Raw Materials (December 1994 – July 1995)

Other Business Activities:
Historically, eBIS has delivered institutional risk management consulting services in the areas of credit, market, liquidity, and operational risk. While tangential to investment management, these services focused on regulatory capital compliance and risk-adjusted profitability measurement. These services did not entail the purchase or sale of securities or the direct recommendation of securities for investment. This type of risk analysis does, however, inform the investment decision making process and is critical to building investment portfolios that optimize the relationship between risk and return. Moving forward, eBIS intends to market these risk management services to institutional clients as a direct input to security selection and investment management. As such, Mr. Shannon does not engage in business activities outside of those relating to investment management at eBIS, nor does he engage in other business activities outside of eBIS that represent a substantial source (more than 10%) of his time or income.

Additional Compensation:
Mr. Shannon does not receive economic benefit from anyone who is not a client.

Supervision:
Mr. Shannon, acting as Compliance Officer of eBIS, Inc., monitors his own provision of investment advice to clients.

Requirements for State-Registered Advisers
Mr. Shannon has not been found liable in any arbitration claim or civil proceeding, nor has he ever been subject to a bankruptcy petition.

L. Jean Shannon, Esq.
Year of birth: 1947

Educational Background:
B.S., Degree in Nursing, Villanova University, 1969
M.S., Community Mental Health Nursing, Arizona State University, 1973
J.D., Villanova University, 1978. Graduated top 10% of class.

Business Experience:
Chief Financial Officer/General Counsel/Founder, eBIS, Inc. (July 2001 – Present)
Executive Director, Golden Empire Humane Society (1999 – 2006)
Senior Counsel, IKON Office Solutions (1993-1998)
Vice President: General Liability and Risk Management, Costco (1986-1992)
Associate, Gray, Cary, Ware and Freidenrich (now known as DLA Piper) (1980 - 1986)
Associate, Ballard, Spahr, Andrews and Ingersoll (1978 - 1980)

Other Business Activities:
Outside of her activities at eBIS, Ms. Shannon is not actively engaged in any other business activities which represent a substantial source (more than 10%) of her time.

Additional Compensation:
Ms. Shannon does not receive economic benefit from anyone who is not a client.

Supervision:
Ms. Shannon does not provide investment advice to clients, but her activities are supervised by Pete Shannon, President, tel 917-774-5199, on behalf of eBIS, Inc.

Requirements for State-Registered Advisers
Ms. Shannon has not been found liable in any arbitration claim or civil proceeding, nor has she ever been subject to a bankruptcy petition.