

FORM ADV PART II

Brochure Cover Page

Kruse Asset Management, LLC (CRD #143204)

216 S Jefferson Street, Suite 302, Chicago, IL 60661

Phone: 312-775-6000

Email: stuart@kruseassetmanagement.com

Website: www.kruseassetmanagement.com

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This brochure provides information about the qualifications and business practices of Kruse Asset Management, LLC (“KAM”). If you have any questions about the contents of this brochure, please contact stuart@kruseassetmanagement.com.

Kruse Asset Management is seeking registration with the state of California, Department of Business Oversight in 2018. Registering with the state of CA or any state does not imply a certain level of skill or training.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Kruse Asset Management also is available on the SEC’s website at www.adviserinfo.sec.gov

Material Changes

- **VFO:** Kruse Asset Management has created a Virtual Family Office (“VFO”), which is a team-based approach to working collaboratively with national experts in a wide range of financial professional services. KAM can and has entered into revenue-sharing agreements with those professionals to the extent it is legally allowable. KAM feels that, as a fiduciary who must provide the best solution possible to the client, this is in the best interest of the client so that all the pertinent professionals are working collaboratively towards the clients’ goals.
- **Assets Under Management (“AUM”)** for Kruse Asset Management (“KAM”) has increased to \$93.5 million as of 12/31/2023 from \$69.5 million as of 12/31/2022 (25.7% increase). This increase in assets is due to a rising market and an increased number of high-net-worth clients working with KAM’s Virtual Family Office (VFO).
- **Financial Planning:** in the past, KAM provided limited financial planning services. Since the development of KAM’s VFO, a variety of planning strategies have been implemented to help increase both portfolio and tax efficiency.

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Item 4: Advisory Business

Advisory Services

Kruse Asset Management, LLC, herein known as "Kruse Asset Management" or "KAM" or the "Company," furnishes investment advisory services on a fully discretionary basis or on an advisory basis. These services include selecting or recommending investments for client's needs, risk tolerance and other assets and obligations of the client. The specific investment style chosen per client is based upon the goals, objectives and individual needs of the client. The firm's clients include individuals, trusts, estates and family offices. Kruse Asset Management manages accounts on a discretionary and nondiscretionary basis and has discretionary authority to determine the securities to be purchased and sold.

As of 12/31/2022, Kruse Asset Management managed \$69.5 million, of which more than 95% of the assets was managed on a discretionary basis.

The Kruse Asset Management Wrap Program

The Kruse Asset Management Wrap Fee Program (the "Wrap Program") is a fee-only investment advisory program sponsored by Kruse Asset Management and Schwab Institutional. The Wrap Program provides individuals, pension and profit-sharing plans, trust, estates, charitable organizations, and business entities the ability to trade in individual debt and equity securities, mutual funds, index funds, exchange-traded funds, options and other eligible securities (collectively "Eligible Securities") without incurring separate brokerage commissions or transactional charges. Clients in the Wrap Program are managed substantially the same as clients who choose not to be in the wrap program. KAM receives a portion of the Wrap Program fees for our services.

Joining the Wrap Program

To join the Wrap Program a person or client must:

Complete an investor profile that describes the Client's financial needs, investment objectives, time horizon and risk tolerances, as well as any other factors relevant to the Client's specific financial situation ("Investor Profile") and any other supporting documentation required for the Wrap Program;

Complete the Investment Advisory Wrap Fee Agreement ("Program Agreement") with Kruse Asset Management and become a client of the Wrap Program;

Complete a new account agreement with Schwab Institutional or another Broker-Dealer approved by Kruse Asset Management for participation in the Wrap Program; and

Open a securities brokerage account ("Account") with the Broker-Dealer and deposit those Client assets designated for participation in the Wrap Program into the Account ("Program Assets").

All transactions in the Account are cleared through the Broker-Dealer. Either the Broker-Dealer or a custodian meeting the requirement of a "qualified custodian" as defined under Rule 206(4)-2

of the Investment Advisers Act of 1940, as amended, will maintain custody of the Participant's Program Assets. Program Participants will receive confirmations of the transactions executed for their Account from the Broker-Dealer as well as periodic account statements as agreed with the Broker-Dealer and/or Custodian.

Investment Advisory Process

After an analysis of the information provided by the Client in the Investor Profile, Riskalyze (now called Nitrogen) questionnaire, and/or verbally, Kruse Asset Management shall assist the Client in developing an appropriate investment strategy for the assets in the Account ("Investment Strategy"). Thereafter, Clients will be contacted periodically and requested to provide Kruse Asset Management with information regarding changes to their financial situation or investment objectives impacting their Investor Profile. Kruse Asset Management shall periodically reassess the current Investment Strategy based on any other information provided by the Client regarding their Investor Profile.

If a client hires Kruse Asset Management as a stand-alone portfolio manager and does not use KAM to implement an asset allocation strategy, that portfolio will be managed with strict discipline alongside all other KAM clients in that same strategy. However, if a client chooses to utilize KAM to provide an over-all asset allocation solution, KAM will construct a portfolio tailored to that client's particular needs. Some elements of said solution may include proprietary portfolios that are managed close to or identically as other clients in that same strategy.

Clients may pose reasonable limitations on purchases of particular securities but must do so in writing. KAM will make every attempt to follow the requested guidelines; however, KAM cannot be held responsible for purchases made contrary to those client requests as many of the purchases are done so systematically. The client is responsible for monitoring their specific requirements, legal or otherwise. Should a conflict arise, it is the client's responsibility to ensure the correction is made.

All Clients are encouraged to contact or meet, at least annually, with Kruse Asset Management to comprehensively review their Account performance, update their Investor Profile, and determine whether changes should be made to their Investment Strategy. There are no restrictions on Clients to contact or consult with Kruse Asset Management regarding the Wrap Program or their Account(s).

Kruse Asset Management maintains a Power of Attorney for all discretionary accounts for the purposes of direction and/or otherwise effecting investment on behalf of the managed accounts. Furthermore, the Power of Attorney extends on all discretionary and non-discretionary account for the direct payments of Kruse Asset Management's fees and/or the payment of any commissions, custodial fees and/or other charges incurred by the account(s).

To the extent that mutual funds, ETFs, non-publicly traded securities or other instruments are selected by the sub-manager to fill components of the overall investment strategy, the annual advisory fee set forth above does not include the customary fees and expenses associated with investing in mutual funds or other costs of establishing and maintaining an account with mutual funds including Rule 12b-1 fees and expenses. The client is advised that, in addition to the

annual advisory fee set forth above, each mutual fund in which assets are invested will incur separate investment advisory fees and other expense for which Client will bear a proportionate share.

Proxy Voting: When given the express written consent by the Client, it is the policy of Kruse Asset Management to vote proxies in the manner in which the Company believes it to be in the best interest of its clients. The Company generally, but not always, votes in accordance with the recommendations of the issuer's existing management, except when the Company believes it is not prudent to do so or when the Company believes it would be in the best interest of their clients not to do so.

Termination: The relationship between the parties may be terminated by either party upon 30 days written notice. Notwithstanding the above, if the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory contract, with this investment advisor, then the client has the right to terminate the relationship contract without penalty, within five (5) business days after entering into the contract. The Client will be entitled to a pro-rata refund of any prepaid quarterly fees based upon the number of days remaining in the quarter after termination; however, KAM does not generally require pre-payment for any services.

Special Purpose Investment Vehicles

Kruse Asset Management created two (2) Special Purpose Investment Vehicles (“SPV”) in 2022. These two SPVs were created in the form of a Limited Liability Partnership (“LLP”) with KAM to act as the General Partner (“GP”) who is responsible for overseeing the partnership and making investments consistent with the mandate of that particular SPV. KAM created the SPVs to provide access to various investments and/or asset classes that may not have otherwise been available to the client. Clients participate in the investment proportionately to their respective contribution as a limited liability partner of the LLP. Distributions to the limited partners, if available, will be made at the discretion of the GP. **Consequently, investment in the SPVs have no liquidity upon demand by the limited partners.**

The two SPVs created in 2021 were:

- KAM Halo SPV, LLP: created to invest in Halo Investment’s “Round C” fund raise.
- KAM Growth SPV I, LLP: created as a “fund-of-funds” structure with cornerstone investments in the Alumni Ventures Funds Purple Arches 5, DeepTech 2 & Blockchain funds as well as Blank’s FinTech fund.

KAM may charge a management fee of up to 1% per year of Asset Under Management (“AUM”) in the SPVs, and an additional “carry” fee of up to 20% over a benchmark, which may be a high-water mark as set by the level of the total initial contributions.

The current SPVs are expected to have a life of approximately 10 years.

Future KAM SPV, if created, may or may not follow the above structure.

Hourly Charges

From time-to-time Kruse Asset Management may provide consulting services at an hourly rate of \$350/hour. This service is generally provided to people who do not maintain portfolios with KAM. These consulting services are generally unique engagements and, therefore, no standardized agreement is available. This rate is negotiable and may even be waived entirely at the complete discretion of Kruse Asset Management.

KAM Services

Investment Planning – Kruse Asset Management takes great care to assess the comfort levels that each client has with respect to risk so that the client is well within their comfort zone when creating an investment plan. KAM reserves the right to use an outside, 3rd party to assist with the evaluation of clients' risk, and in fact, have been using such services as proved by Riskalyze, which KAM feels is consistent with the systematic and quantitative philosophies of the firm. The Company primarily estimates risk through market volatility but may also use additional risk measurements when creating an investment plan for the client.

After risk is assessed, an asset-allocation model is created in such a way that the client should seldom, if ever, have an event that causes a loss greater than that threshold set forth through client evaluation, while also simultaneously attempting to maximize the client's over-all portfolio performance and efficiency. An average Investment Plan should take approximately 1-2 hours to complete, depending on complexity.

NOTE: a conflict exists between the interests of the investment adviser and the interests of the client. The client is under no obligation to act upon the investment adviser's recommendation. If the client elects to act on any of the recommendations, the client is under no obligation to implement the transaction through the investment adviser.

Asset Allocation – Kruse Asset Management employs techniques set forth by the CFA Institute, including, but not limited to, Modern Portfolio Theory (MPT), to create efficient portfolios through use of diversified asset classes in order to construct client holdings in such a way that minimize their over-all risk and maximize their over-all returns for a particular set of criteria given the client's individual needs. Kruse Asset Management uses real-time data provided by 3rd party vendor(s), (for example: YCharts, Morningstar, others), to calculate correlation coefficients between asset classes so that KAM can understand the current Value-at-Risk (VAR) of any given portfolio and weighting.

Average Asset Allocation Plan will take approximately 1-2 hours to complete, depending on complexity.

General Portfolio Management – Kruse Asset Management uses a variety of investment vehicles to gain exposure to any given asset class, which could be, but are not limited to individual investments like stocks or bonds, ETFs, mutual funds, and/or structured products. The selection of these investments will be evaluated by KAM depending on the needs of the client – considerations will be liquidity, risk tolerances, diversification and other factors.

In limited quantities, Kruse Asset Management may use interval funds and/or non-publicly

traded investments in order to increase portfolio efficiency, which KAM may define as a potential increase in risk-adjusted returns. The client's liquidity needs will be assessed relative to the potential benefit due to loss of liquidity.

Quantitative Portfolio Management – Kruse Asset Management employs quantitative strategies to manage some individual portfolios. These quantitative strategies have been developed by Kruse Asset Management exclusively and have utilized the education and expertise of Mr. Kruse and Mr. Brick to develop these proprietary portfolio management methods. The basic concept being that a multi-factor model has been created by Mr. Kruse to evaluate individual securities relative to the investment universe. The top-rated securities are purchased for that particular portfolio. Every month each client's holdings are compared to and evaluated against the target portfolio. The number of trades made in any given month and for any given client is at the discretion of Kruse Asset Management and may differ month to month and client by client. Some months may have no trades for any and all clients.

Market timing – As part of the portfolio management strategy, KAM applies several technical indicators to determine whether particular asset classes are currently in or out of favor. These indicators are not proprietary and tend to follow longer term trends and momentum. If an asset class is "out-of-favor," KAM may reduce and/or eliminate an allocation to that asset class and either maintain a cash reserve or potentially deploy that allocation to asset class(es) that are currently "in-favor." There are no additional costs for these services.

Retirement Planning – Kruse Asset Management has built a proprietary model to estimate retirement assets and potential annual asset outflows that individual clients may have after retirement, which are based on best current estimates of cash flows, conservative, moderate & aggressive rate of return assumptions and risk tolerances. Additionally, "worse case" scenarios are shown to the client so they may have better expectations in the event of a longer-term market downturn and/or an unforeseen shock to the markets (such as a terrorist attack or a natural disaster). An average Retirement Plan takes approximately 1-2 hour to complete. Kruse Asset Management may also use a 3rd party vendor, such as RetireUp (part of the Riskalyze Suite of services) to effect Retirement Planning.

College Planning – Kruse Asset Management will use proprietary modeling to estimate the client's cash needs at the time of educational expense. The progress of the planning will be assessed at least annually and adjusted accordingly (taking into account risk appetite, time until asset use and other factors) so that the goals are most likely to be met given the individual's set of unique circumstances. An average College Planning takes approximately 1 hour to complete.

Tax Planning – Kruse Asset Management does not have tax attorneys on staff. However, the Company will make every reasonable attempt to make the client's portfolios as tax-efficient as possible (without sacrificing net performance). Services includes planning for realized gains & losses at year end, accounting for low-cost basis stock and planning for ordinary income vs. long and short-term capital gains and/or dividends.

Given KAM's VFO, we may bring on 3rd party estate lawyers and tax lawyers to consult, advise and provide services to KAM relationships, especially in cases of more advanced needs. If the

client chooses to engage a 3rd party for their services, these services are not covered by KAM's "Wrap Fee Program" and therefore, the client should expect additional fees for services rendered by that 3rd party. It is possible that KAM will share in some of the revenues paid to this 3rd party.

Financial Planning – Kruse Asset Management provides financial planning services to some or all current clients of Kruse Asset Management, regardless of assets under management, that may or may not include retirement planning, investment planning, asset allocation, college planning and some limited tax advice. Because Kruse Asset Management has no tax attorneys on staff the company will recommend that clients seek the opinion of a tax attorney before making a final determination.

KAM began charging for financial planning services in three basic models. Below is a generalization of services offered and the potential costs:

- **Proactive Lite:** 10-25 bps on AUM. We will offer one financial plan and one CIQ (Client Information Questionnaire) annually. This provides access to KAM's VFO experts.
- **Proactive Core:** 25-50 bps on AUM. Same services as Proactive Life, but also increased annual meetings (often four per year).
- **Proactive Max:** tailored price point with tailored service levels.

While these services are offered annually, and KAM will make reasonable requests of the client for updates, it is possible that clients do not provide the required access to necessary information such that an update can be completed. In these cases, KAM will continue to work with the known information to monitor and plan for the client as appropriate.

Security Ranking Services – Kruse Asset Management has developed a proprietary methodology of ranking and/or rating equity securities, which may also include what we consider to be a fair market price. There are no additional costs to the client for these services.

Educational Services – Kruse Asset Management may partake in speaking engagement and seminars as opportunities arise. Often times these topics focus on current events and so it is challenging to predict any future requests that might arise. While we reserve the right to charge for these services in the future, to date, no fees have been charged for any speaking engagements.

The company will also provide the above services to potential clients who have investable assets of at least \$100,000 in hopes of acquiring a new client and as a cost of doing business. Hourly fees will start at \$350 per hour but are negotiable and can be waived completely should Kruse Asset Management decide it was in the best interest of the company to do so as a cost of doing business, or the prospect decides to use Kruse Asset Management as a primary or secondary asset manager.

Depending on the complexity of the client's or prospect's financial picture, various plans will take anywhere from one (1) to five (5) hours per individual service and plan. At the client's request, clients will be given a cost estimation up front and a guarantee that the costs will not exceed 20% of the estimate. Should the cost exceed 20% of the estimate, Kruse Asset Management will

absorb those fees above the estimate plus 20%.

Fees should be competitive due to the complex modeling done by and proprietary to Kruse Asset Management that should enable the Company to provide a solid framework that is also customizable to each client.

Should the client be completely unsatisfied with the work done by Kruse Asset Management, a partial or full refund may be granted at KAM's discretion.

Virtual Family Office ("VFO")

Kruse Asset Management entered into a relationship with Elite Resource Team of San Diego, CA ("ERT") with the idea to provide KAM clients and other relationships a more comprehensive set of financial solutions. ERT has formed a platform with a variety of financial professionals in a myriad of disciplines. These experts may be called on by KAM to provide additional services outside of KAM's area of expertise. Each of these outside experts have been vetted by ERT. Furthermore, ERT has negotiated a revenue share agreement with each of these experts such that a portion of any fees generated may be shared back with the introducing entity, including KAM.

While KAM believes each of these experts to be potentially reasonable introductions, KAM makes no guarantee as to the performance, expertise or even appropriateness of said experts and it is up to the user of each service to research any and all experts that are providing services to them.

Referrals to companies outside KAM

From time to time, Kruse Asset Management may refer clients to various associates, partners or other persons or organizations that are not expressly part of Kruse Asset Management for services that may or may not be offered by KAM. KAM does not refer clients to other registered investment advisors ("RIA"), as this would be in a direct conflict of interest to KAM; however, KAM may refer clients to a licensed and reputable broker-dealer for services not available at KAM. A referral may take place as a result of a direct conversation with an employee of KAM or because an interested party viewed the Kruse Asset Management web site or other, and while KAM attempts to refer clients to entities that they believe can and will provide an exceptional level of service to that client for that client's particular need, there is no implicit or explicit guarantee that that client will receive any particular level of service from any referred company. Nor is it possible that KAM be responsible for ensuring that all referred entities are in full compliance within their own industry, but it is assumed that a global broker-dealer will be fully compliant as required by the Securities & Exchange Commission ("SEC"). Each client is responsible for vetting out each company with which they choose to do business. Kruse Asset Management can take no responsibility for any work done outside the Company. It is possible that Kruse Asset Management will share in some of the revenues generated as a result of a referral to a 3rd party.

Kruse Asset Management provides consultancy services free of charge to all "Friends and Family" of current clients of Kruse Asset Management, regardless of if that particular person or entity ever becomes a client of Kruse Asset Management. While Kruse Asset Management reserves the right to limit this free service to no more than one hour per person per 12 month

period, Kruse Asset Management will make every reasonable effort to treat these "Friends and Family" as if they were full clients of the firm and provide them with independent consultancy advice and services for a reasonable period of time.

"Friends and Family" are defined by Kruse Asset Management as immediate family members of Kruse Asset Management or close, personal friend's current clients who have current accounts at Kruse Asset Management. Kruse Asset Management reserves the right to extend this invitation to other associates and more distant relatives on a case by case basis if it so chooses.

While Kruse Asset Management will not charge a fee for the initial consultancy services and may not ever charge a fee to any particular individual taking advantage of this service, Kruse Asset Management is not responsible for fees charged by other providers as a result of Kruse Asset Management's potential recommendation. These additional direct and/or indirect costs may include, but are not limited to transaction costs, management fees, service costs, application fees, termination fees or any other cost associated with a recommendation as a result of this free service.

KAM offers advice on the following:

- Equity Securities - exchange-listed securities
- Equity Securities - securities traded over-the-counter
- Equity Securities - foreign issues
- Non-publicly traded securities
- Warrants
- Corporate debt securities
- Commercial paper
- Certificates of deposit
- Municipal securities
- Investment company securities - mutual fund shares
- United States government securities
- Options contracts on: securities
- Options contracts on: commodities
- Structured Products
- Interests in partnership investing in: real estate
- Interests in partnership investing in: oil and gas interests
- Interests in partnership investing in: other, (Schedule F response)

Kruse Asset Management has clients with particular interests in a wide range of partnerships including MLPs that invest in other natural resources not limited to Oil & Gas or Real Estate (timber for example). Kruse Asset Management provides limited advice in these areas and the Client is aware that this is not the core focal point of KAM's business; however, KAM will make every reasonable attempt to provide guidance to our clients on a variety of investments.

Kruse Asset Management is often asked by selected clients to evaluate, to the best of the Company's ability, certain types of investments such as investments in IPOs, Venture Capital,

"start-ups" or "Angel" Funding, Private Companies, etc.

Kruse Asset Management does not maintain any expertise in these types of ventures and always cautions the Client as to the risk level associated with these investments as they tend to be drastically more risky than listed securities; however, the Company will provide its best effort in helping certain clients evaluate various "alternative" investments, which may or may not also include hedge funds and non-publicly traded securities.

If the securities are not held by a custodian that Kruse Asset Management uses in an account that KAM controls, KAM generally receives no compensation for this investment advice and it is offered to select Clients as a courtesy. Kruse Asset Management also receives no compensation for investment advice from the companies in which the Clients are looking to invest. Kruse Asset Management maintains that the best policy of the client is to fully inform the Company on all investments made by client, so the Company has a better opportunity to manage risk on a holistic basis for the Client.

Kruse Asset Management, LLC is a Delaware Limited Liability Company owned by Shermin Kruse (51%) and J. Stuart Kruse, CFA (49%). Stuart Kruse is responsible for all day-to-day operations of KAM. Shermin Kruse is a law professor at Northwestern Law School and a curator of TEDx Talks (TEDx Wrigleyville) and has no operational duties at KAM.

Item 5: Fees and Compensation

Fees for Kruse Asset Management and Kruse Asset Management Wrap Program:

For predominately (>70%) equity accounts¹:

<u>Assets Under Management</u>	<u>Annualized Fee</u>
< \$100,000	1.75% of total assets
\$100,000 - 500,000	1.50% of total assets
\$500,000 - \$1,000,000	1.25% on assets over \$500,000
\$1,000,000 - \$5,000,000	1.00% on assets over \$1,000,000
>\$5,000,000	0.80% on assets over \$5,000,000

Fees on predominately (>70%) fixed Income are as follows:

<u>Assets Under Management</u>	<u>Annualized Fee</u>
< \$100,000	1.50% of total assets
\$100,000 - 500,000	1.25% of total assets
\$500,000 - \$1,000,000	1.00% on asses over \$500,000
\$1,000,000 - \$5,000,000	0.75% on assets over \$1,000,000
>\$5,000,000	0.50% on assets over \$5,000,000

Note: For accounts that fall in between these above asset allocations, fees may be negotiated, but will be limited on the low side by the fixed income schedule and on the high side by the equity schedule.

Fees are calculated quarterly by multiplying the assets under management by the relevant percent and dividing such product by four (4). All fees are directly deducted from the client's particular account. In special circumstance, or for accounts where KAM cannot deduct fees directly, KAM may bill client for fees.

Non-Wrap Program Client Fees

The mechanics of fees are substantially the same for non-wrap clients as with the Wrap Program except that the client will also pay for all transactional cost as charged by the custodian (which is generally Charles Schwab). Discounts by Schwab can be earned by the client if client moves to an all-electronic format of statements and confirmation delivery as well as reaching a breakpoint of one million dollars of "household" assets at Schwab. Schwab pricing structure is subject to change and is not in the control of KAM nor does Schwab telegraph to KAM any potential changes in pricing.

Partial Quarter billing: Accounts opened in mid-quarter will be assessed on a prorated basis by

¹ This pricing schedule does not generally apply to Kruse Asset Management's proprietary quantitative strategies (QVP, iQVP, QSP and any other quantitative strategy that may be developed in the future.)

calculating the days the account has been managed for that partial quarter and dividing that number by 90 and multiplying that fraction by the quarterly management fees. Fees are payable quarterly, in arrears and such fees may be deducted from client's account(s) quarterly within thirty (30) days following the end of the quarter for which said fees will be incurred which said fees will be incurred.

If KAM learns that a client is to leave KAM prior to the quarter's end, KAM reserves the right to bill said client a prorated amount based on the most recent AUM data available for the days of that quarter under management. AUM information may be acquired via the most recent monthly statement or intra-month via one of Schwab's account management systems.

Fee Disclaimers:

Lower fees for comparable services may be available from other sources.

Prices are subject to change and may vary across platforms and custodians.

All advisory fees are negotiable.

Certain clients of Kruse Asset Management, either family related or those with preexisting relationships may be charged fees which differ from the schedules above.

Under the Wrap Program, Clients receive both investment advisory services and the execution of transactions in Eligible Securities for a single, combined annualized fee, the Wrap Program Fee. Participation in the Program may cost the Client more or less than purchasing such services separately. The number of transactions made in the Client's Account, as well as the commissions charged for each transaction, will determine the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. The Wrap Program Fee may be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

Program participants may incur certain charges imposed by third parties in addition to the Wrap Program Fee. Such charges include but are not limited to charges imposed directly by a mutual fund purchased in the Clients' Accounts which are disclosed in the funds' prospectus (e.g., fund management fees and other fund expenses), certain deferred sales charges on previously purchased mutual funds, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. KAM receives no outside compensation for the purchase of any financial instrument; as such, KAM has no financial motivation to suggest any products or instruments other than the ones KAM feels are the best solution for the Client.

Financial Planning Services

Kruse Asset Management began charging for financial planning services in 2024. KAM's financial planning service may or may not include, cash flow and goal modeling, tax loss harvesting, ROTH Conversion analysis, tax mitigation strategies, asset mapping, estate planning services and more.

KAM offer three levels of service:

Proactive Lite: 10-25 bps on Assets Under Management (AUM). We offer annual planning meetings, including a “CIQ” (Client Information Questionnaire) which is a diagnostic tool to help identify areas of KAM’s VFO that might benefit the client.

Proactive Core: 25-50 bps on AUM. Same services as provided in Proactive Lite, but with additional meeting frequency (often quarterly).

Proactive Max: Tailor pricing for a tailored solution and meeting frequency.

If other professionals are brought into to execute part of the plan, that financial professional is likely to have their own fee schedule. Those fees will be revealed by the VFO expert before any additional services are implemented.

Commission-Based Service

At the request of some clients, who have had a history of and prefer this type of an arrangement, Kruse Asset Management offers, on a limited basis, a commission-based service. Fees are charged based on the value of the trades made in each account, which could range from 1-2% of each transaction on both the absolute value of the buy and/or the sell of a particular security. The client should be aware of the conflict of interest that exists in this type of compensation arrangement in that the advisor has an increased motivation to generate trade or “churn” the account, which generates income for the advisor that is not tied to the advancement of the account. Alternative pricing methods may be less expensive and more in alignment of common interests.

Subscription-based pricing

While KAM has not implemented this strategy yet, KAM reserves the right to offer certain clients a monthly subscription to our propriety equity research.

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

Optional Performance-Based Fees structures for “Qualified Clients”

If a client is “qualified” as defined by the SEC as set forth in SEC rule 205-3, and if Kruse Asset Management expressly offers this option to a particular client, the client may choose to participate in one of the two performance-based fee structure as set out below. Performance periods are segmented in quarterly intervals for each of the below constructs.

A “Qualified Client” pursuant to SEC 275.205-3 is defined as:

- 1) A natural person who or a company that immediately after entering into the contract has at least \$1,000,000 under the management of the investment adviser;
- 2) A natural person who or a company that the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:
 - a. Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,100,000, at the time the contract is entered into; or
 - b. Is a qualified purchases as defined in section 2(a)(51)(AA) of the Investment Company Act of 1940 (15U.S.C. 80a-2(51)(A)) at the time the contract is entered into; or
- 3) A natural person who immediately prior to entering into the contract is:
 - a. An executive officer, director, trustee, general partner or person serving in similar capacity, of the investment adviser; or
 - b. An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

For California Clients: Performance Fees will only be charged in accordance with the provision of California Code of Regulations (“CCR”) Section 260.234. Clients choosing a performance-based fee structure should know that less expensive options may be available both within KAM and elsewhere.

“Pay for Performance” method

Instead of the standard fee arrangement as set out above, if offered by KAM, a “qualified client” may opt to be charged as a percentage of the value-added performance during that period. Performance fees are evaluated at the end of each calendar quarter and charged in arrears. Typically, KAM charges performance fees of 30%. The value-added performance is defined as the difference a portfolio would have made had it been invested in a particular, pre-defined and appropriate benchmark versus the value that the portfolio actually achieved during the same time. If the portfolio’s percentage increase is more than that of the pre-selected benchmark’s

percentage increase, then the client would pay a percentage of that difference. If the benchmark outperformed the portfolio, the client would pay no additional performance fees (minimum operational fees of 5 basis points per quarter may apply).

This type of fee structure may incent KAM to take on more risk than a similar client who did not select this fee option such that KAM might collect greater fees due to greater volatility.

For example, a client starting with a million dollar portfolio could face the following scenarios:

- 1) The benchmark, to which the portfolio is being compared, had returns of 5%, then expected returns would be calculated as $\$1,000,000 \times (1.05) = \$1,050,000$. If during that period, the portfolio was actually worth $\$1,060,000$, the “value-added” would be calculated as $\$1,060,000 - \$1,050,000 = \$10,000$. The participation percentage is then multiplied by the “value-added” number, $30\% \times \$10,000 = \$3,000$. Therefore, Kruse Asset Management would collect $\$3,000$ in performance fees (fixed operational costs may still apply).
- 2) The benchmark had returns of 7%; the expected value would be calculated to be $\$1,070,000$. If during that same period the portfolio’s value was $\$1,060,000$, then the “value-added” was zero and no performance fees would be charged. Fixed operational costs would still apply.
- 3) The benchmark had a loss of 5%; the expected value would be calculated to be $\$1,000,000 \times (0.95) = \$950,000$. If the portfolio’s actual value was $\$960,000$ at the end of the same period, the “Value-added” would be calculated as $\$960,000 - \$950,000 = \$10,000$. The participation percentage is then multiplied by the “value-added” number, $30\% \times \$10,000 = \$3,000$. Therefore, Kruse Asset Management would collect $\$3,000$ in performance fees (fixed operational costs may still apply).
- 4) The benchmark had a loss of 3%; therefore, the expected value would be calculated to be $\$1,000,000 \times (0.97) = \$970,000$. If the portfolio’s actual value was $\$960,000$ at the end of the same period, the “Value-added” would be zero and no performance fees would be charged. Fixed operational costs would still apply.

“High Watermark” method

Instead of the standard fee arrangement as set out above, if offered by KAM, a “qualified client” may opt to be charged on a “high watermark” basis whereas the client will only be charged a performance fee (typically 30%) should the portfolio rise above the previous high watermark. In which case, the new high watermark would be set at this higher level and the performance fee would be calculated as a participation rate applied to the difference between the new high watermark and the previous high watermark. Performance fees are evaluated at the end of each calendar quarter and charged in arrears. (Operational fees of 5 basis points per quarter generally apply.)

This type of fees structure may incent KAM to take on more (or in some cases less) risk than a similar client who did not select this fee option.

For example, if the portfolio’s initial level began at one million dollars, the original high

watermark would be set to \$1,000,000. The following examples may illustrate the high watermark calculations:

- 1) **Scenario 1:** If at the end of the next calendar quarter, the client's portfolio (assuming no additions or withdrawals) is worth \$1,010,000:
 - a. The new high watermark is set to \$1,010,000.
 - b. The rise above the previous high watermark would be calculated as $\$1,010,000 - \$1,000,000 = \$10,000$.
 - c. Performance Fee would be calculated as $\$10,000 \times 30\% = \$3,000$.
 - d. Operational costs may apply.
 - e. No additional performance fees would be charged until the portfolio's quarter-ending value was above the new high watermark of \$1,010,000.
- 2) **Scenario 2:** If at the end of the next calendar quarter, the client's portfolio (assuming no additions or withdrawals) is worth \$990,000:
 - a. The high watermark remains at \$1,000,000.
 - b. The rise above the previous high watermark would be calculated as $\$990,000 - \$1,000,000 = -\$10,000$, so there is no rise above the high watermark.
 - c. Performance Fee would be zero.
 - d. Operational costs would apply.
 - e. No additional performance fees would be charged until the portfolio's quarter-ending value was above the high watermark of \$1,000,000.

If there are additions or withdrawals to the portfolio during the quarter, the high watermark will be adjusted by adding or subtracting, respectively, the amount(s) to the high watermark and the procedure will be followed as outlined above.

Other Performance Fee Structures

If appropriate and for qualified clients, KAM may enter into some hybrid or derivation of the above outlined fee-structures that is to be defined by the client and KAM such that it meets the clients' goals and expectations of a performance-based fee

In the past, KAM has elected to allow qualified clients, who wish to explore a performance-based fee structure, to postpone all performance-based fees for one (1) year while KAM manages the client's assets (operational costs may be collected during this time). After one year, the client may choose a structure that is more comfortable for them (the traditional fee-based on AUM is part of the options available from which the client may choose). After said selection by the client, KAM will retroactively collect fees according to that selected structure.

KAM does not guarantee that they will always extend this option for all qualified candidate to participate in a performance-based fee option, nor does KAM guarantee that if a performance-based fee option is presented to a qualified candidate that they will forgo all performance-based fees for one year. Both are at the discretion of KAM to present and offer when appropriate.

Performance Based Accounts

Performance based fees are selected on an account-by-account basis as are the benchmarks for each account. Under- or out-performance in one account does not affect, change or influence calculations of performance-based or non-performance based fees in another account for the

same client, family or household. Each set of calculations are independent from each other and all other accounts.

Item 7: Types of Clients

KAM primarily provides investment advice to individuals, trusts, estates, family offices, charitable organizations and foundations. We may provide advice to pension and profit share plans as well as other corporations or business entities.

While we do not have a specific minimum to take on any client; however, in efforts to maintain the level of service to our current clients, we strongly prefer to take new clients with investible assets of at least \$500,000. KAM reserves the right to refuse service to any client if we believe that this service might adversely affect the service being provided to KAM's current or future clients. KAM also reserves the right to extend or refuse service to a particular prospect based on their willing to adopt a particular type of technology, system, platform or custodian as recommended by KAM – again with the goal of being able to provide KAM's existing or future clients with a particular level of service.

Some specific strategies utilized by KAM do have minimums account sizes. For example, KAM's quantitative strategies (including but not limited to "QVP" "iQVP" and "QSP") have \$100,000 minimums per account per strategy. These minimums can be waved at the desecration of KAM. Factors that might prompt the minimums to be waved could include a decline in the market value of an account that precipitated the violation of the minimums or an increase in negotiated fees (possibly beyond those stated in this document) such that the portfolio become efficient to operate for KAM. However, the occurrence of one or both of these events does not guarantee that the minimums will be waved.

KAM may offer particular strategies or approximations of strategies on different platforms or custodians at reduced minimums.

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

Kruse Asset Management uses Modern Portfolio Theory (MPT) as a baseline to assess risk in a client's overall portfolio. MPT is based on the premise that asset classes have a particular variance and covariance with other asset classes. KAM will estimate these variables based, in part, on historical data and perception of the marketplace by principles at KAM. Using statistical calculations generally based on a normal distribution, KAM will estimate the standard deviation of a client's portfolio given the asset class weighted mix to initially assess the risk of the portfolio.

Additionally, KAM employs a series of technical indicators to understand the momentum of particular asset classes and which might be “in-favor” or “out-of-favor.” KAM might reduce or eliminate the allocation to an asset class that is out of favor and either place that allocation in cash or deploy that allocation to another asset class that is “in-favor.” The goal of utilizing these series of non-proprietary indicators is to reduce the possibility of a long-term, long-trending decline in any one or multiple asset classes. As with any strategy, these technical indicators cannot fully protect from all downturns in any asset classes; however, KAM believe the use of these indicators creates net positive long-term returns and better risk mitigation for our clients than not utilizing these indicators. KAM reserves the right to change or abandon these indicators at any time if and when it is deemed necessary.

As the client develops more history with KAM and their philosophies, KAM will measure up- and downside market participation to develop another estimate of potential downside loss given a variety of potential market conditions.

Finally, KAM measures "Value at Risk" (VAR) given recent correlations of representative market indexes to determine if a client's risk is increasing or decreasing over the short-term given the changing market conditions.

With respect to KAM's quantitative equity strategies, KAM primary employs disciplined, computer models to evaluate relative value of equities. These computer models are based upon back-testing and statistical analysis of decades of fundamental un-restated data, which were research conducted by the founder of KAM, Stuart Kruse. These models evaluate various characteristics of companies that pass various initial screens given the type of portfolio being evaluated. Said company characteristics can be fundamental and/or technical in nature as well as can relate to various charting analysis.

Models have been created by and are proprietary to Kruse Asset Management, LLC.

There are inherent risks in using models-based investing including the potential risk of data-mining. Models that performed well in the past have no guarantee to continue performing similarly in the future.

KAM may also rely on the following for information to aid in investment decision-making for their clients: financial newspapers and magazines, web sites, inspections of corporate activities,

research materials prepared by others corporate rating services, timing services, annual reports, prospectuses, and filings with the SEC and company press releases.

Kruse Asset Management believes in the utilization of proprietary techniques for the evaluation of securities; however, often times these methods are either not available or inappropriate for a particular client, situation and/or security. Under these conditions Kruse Asset Management reserves the right to utilize any and all available methods, techniques and information in their analysis of these securities and situations.

The investment strategies used to implement any investment advice given to clients includes:

- Long term purchases,
- Short term purchases,
- Trading Short sales,
- Margin transactions and
- Options writing, including covered options, uncovered options or spread strategies.

All investing involves risk and potential loss of capital invested. All investors need to understand the risk that they are able to tolerate both from a psychological and financial standpoint. Often times if this tolerance level is not estimated appropriately, the investor may take short-term actions that are counterproductive to their long-term goals and financial health.

Item 9: Disciplinary Information

J. Stuart Kruse, CFA, has not been subject to any criminal or civil action, administrative proceedings, or self-regulatory organization (SRO) proceedings.

John Brick, CFA, has not been subject to any criminal or civil action, administrative proceedings, or self-regulatory organization (SRO) proceedings.

Item 10: Other Financial Industry Activities and Affiliations

Kruse Asset Management may, for selected clients and/or non-client, assist and consult on particular ventures in a financial capacity. These investments may not be available for all clients of KAM. Furthermore, these investments may be in conflict with some asset allocation and/or portfolio advice given by KAM. Kruse Asset Management and/or its affiliates, officers, employees may participate in these investment along side their clients and not-clients. Depending on the structure, KAM may or may not receive compensation for recommending and/or constructing these deals.

Shermin Kruse, 51% owner, is a law professor at Northwestern University Law School. While Ms. Kruse is not materially involved in the daily operations of KAM, she may provide legal support if and when it may be necessary.

No affiliated persons with Kruse Asset Management are registered or have a pending registration as a broker/dealer or as a futures commission merchant, commodity pool operator or commodity trading advisor.

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

Code of Ethics

As a Chartered Financial Analyst (CFA) the president of Kruse Asset Management has vowed to follow the CFA Institute "Code of Ethics and the Standards of Professional Conduct." Kruse Asset Management has adopted the CFA Institute "Code of Ethics and the Standards of Professional Conduct" which can be found at [Code of Ethics and Standards of Professional Conduct \(cfainstitute.org\)](https://www.cfainstitute.org/en/ethics-standards/ethics/code-of-ethics-standards-of-conduct-guidance) (<https://www.cfainstitute.org/en/ethics-standards/ethics/code-of-ethics-standards-of-conduct-guidance>) or is available upon request.

Privacy Policy:

Kruse Asset Management collects certain nonpublic personal identifying information about its Clients (such as their name, address, social security numbers, etc.) from information provided on investor questionnaires, applications and other forms as well as communications (electronic, telephone, written or in person) with them or their authorized representatives (such as their attorney, accountant, etc.) KAM also collects information about Client's brokerage accounts and transaction (such as purchases, sales, account balances, inquires, etc.)

KAM does not disclose the nonpublic personal information collected about its Clients to anyone except in furtherance of its business relationship with them and then only to the persons necessary to affect the transactions and provide the services that are authorized by the Client (i.e., the Broker-Dealer, Custodian, Independent Managers, etc.) or as otherwise provided by law.

As also permitted by law, KAM may disclose certain information about its Clients to third parties that perform administrative or marketing services or participate in joint marketing programs with KAM. These third parties are prohibited from using or sharing the information for any other purpose. If Clients decide at some point to either terminate our services or become an inactive Client, KAM will continue to adhere to our privacy policy, as may be amended from time -to-time.

KAM also restricts access to its Clients' nonpublic personal information to those employees who need that information to service the Client's Account. KAM also maintains physical, electronic and procedural safeguards that comply with applicable federal or state standards to protect the nonpublic personal information of these Clients.

KAM is an independent investment advisor and does not receive fees or commissions from any investments that we recommend and/or purchase on behalf of our clients.

Item 12: Brokerage Practices

Kruse Asset Management uses Charles Schwab (“Schwab”) as their primary broker-dealer and custodian of choice. Schwab services more Registered Investment Advisors (RIA) than any other firm. Schwab provides trading software, research (both proprietary and independent), reporting, account services, custodial services, technical support, online access, customer service, a support team as well as a variety of other services to KAM. These services are provided in exchange for transactional cost on KAM's accounts.

Additionally, Schwab sponsors a host of educational events on a wide variety of topics. KAM feels that it is in the best interest of the client for the principles of KAM to stay educated and informed on current events. These events are highly valuable to the ongoing success of KAM and their clients. Unless there is a pertinent topic that will be discussed, KAM principles do not generally accept meal invitations as this might be considered a conflict of interest. However, to forego an invitation just because a meal is to be served would also be counterproductive and not in the best interest of KAM's clients. KAM principles will do their best, in their fiduciary responsibility, to weight the potential conflict of interests that are unavoidable to some extent with the potential benefit to the client to make the best decision with the information available at that time. There is no guarantee that KAM will not make a decision that is ultimately not in conflict of interest with KAM’s clients’ best interests.

KAM generates its own research, including ranking and rating systems that are paramount in determining various buying and selling decisions of investments. However, KAM also has access to a variety of research, from custodians like Charles Schwab and TD Ameritrade, as well as mutual fund providers and independent third parties. Some of this research could be considered to having received “soft dollar” benefits and therefore might be considered to demonstrate brokerage services as defined under the Securities Exchange ACT of 1934.

KAM does not pay commissions or mark-ups on trades and as such does not pass on any to their clients.

In the more than 15 years of operations, KAM has not received any referrals from any broker-dealer as of yet.

Periodically, KAM has the ability to aggregate multiple client orders into one block trade. This happens primarily when we are making a firm-wide decision about an asset class or security as opposed to individually managing a portfolio. Often times, we aggregate these trades such that all of our clients get an average cost of all of the trades, so that no client gets the benefit or penalty of falling in a particular place in line due to size or even an irrelevant factor like the where the account is list alphabetically. This aggregation, however, does not affect the trading costs. If the client is in the wrap program, there are generally no additional trading costs; however, if they are not, they would receive the same trading costs had each trade been placed individually. This is a policy of the custodian.

There may be less expensive broker-dealers available for KAM's use; however, given the financial stability of Schwab and the array of services provide, KAM feels that Schwab's platform is the best value for KAM's clients.

Kruse Asset Management also uses other custodians, including Interactive Brokers, for selected clients when the circumstances dictate that it is in the best interest of the client to do so. These circumstances might include, but are not limited to, the use of technology, strategy minimums, account size, trade costs, fee structure, client familiarity and any other property that might be deemed important by either the client or Kruse Asset Management.

Item 13: Review of Accounts

J. Stuart Kruse, president of Kruse Asset Management, will review all accounts on average of at least every 90 days, and assess each investment as a part of an entire portfolio strategy in accordance with the "Prudent Expert" rule set forth by the CFA Institute to insure that it is: (i) suitable to the respective client's investment objectives; (ii) meets that client's quality standards; and (iii) to make sure that their investment objectives are still pertinent to the managed account arrangement. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market economics, political environment, etc.

The client will generally receive monthly statements from the custodian of client's assets, unless there is no activity in the account, in which case the client will receive quarterly report from the custodian, detailing the individual assets and all activity in the client's account.

Additionally, client will receive periodic reports from Kruse Asset Management that contains overall asset allocation, performance reports, modeled future cash flows and asset levels as well as other documents that might assist in the client's understanding of their financial picture and future.

Item 14: Client Referrals and Other Compensation

Kruse Asset Management may compensate individuals or organizations for referring clients and/or prospective clients. Compensation is negotiated on a case-by-case basis. Referral fees usually come in the form of cash compensation based on the amount of assets that are later managed by Kruse Asset Management.

If a current client is the source of the referral, no cash compensation will be paid; however, a reduction of management fees to that client may be negotiated as the relationship may be more cost effective to manage and the client may participate in those savings.

At no time will Kruse Asset Management accept a new client and compensate a referral source should those actions cause a potential conflict of interest in Kruse Asset Management's ability to remain objective, manage any client's assets or perform its duties according to the Code of Ethics set forth by the CFA Institute.

Item 15: Custody

Charles Schwab

Kruse Asset Management generally uses Charles Schwab ("Schwab") as KAM's custodian for our clients. While we reserve the right to explore new arrangements that might be more favorable to our clients for a variety of reasons, currently most KAM accounts (>90% of AUM) are held at Schwab.

As of April 30, 2023:

- For The Charles Schwab Corporation:
 - \$18.84 billion in annual net revenues.
 - \$5.07 billion of net income over the last 12 months.
 - Strong credit ratings from Moody's (A2), S&P (A) and Fitch (A)
 - A diversified investment portfolio.
 - The Corporation maintains an \$800 million committed, unsecured credit facility. Additionally, the Corporation has direct access to \$642 million in uncommitted, unsecured bank credit lines
 - 15,300 full-time employees.
- Client Assets & Accounts:
 - \$7.63 trillion in client assets.
 - 34.2 million active brokerage accounts.
 - 2.4 million retirement plan participants.
 - 1.8 million banking accounts.

While The Charles Schwab Corporation is not subject to specific statutory capital requirements, it is required to maintain capital that is sufficient to support the holding company and its subsidiaries' business activities. Charles Schwab Bank is subject to specific capital requirements specified by federal banking laws and regulations. Charles Schwab Bank is considered well capitalized (the highest category) with a Tier 1 Risk-Based Capital Ratio

For Charles Schwab & Co., Inc. (the brokerage subsidiary of The Charles Schwab Corporation):

(The above information was gathered from <https://aboutschwab.com/investor-relations/financial-reports>, "The Charles Schwab Corporation".)

Schwab produces monthly statements that are delivered to the client either hard-copy via the U.S. Postal Service, or at the expressed election and e-mail confirmation of the client, electronically via e-mail. If the client chooses to have electronic statements and confirmations delivered via e-mail, the client does have the option to revert back to hard-copy statements at a later date.

Schwab may not produce a monthly statement if there is no activity in a particular account during that period. However, regardless of activity level, Schwab will produce quarterly statements at minimum.

TD Ameritrade

Kruse Asset Management worked with TD Ameritrade until the merger between Charles Schwab and TD Ameritrade that was completed Sep, 2023. At that time, all TD Ameritrade assets were transferred to Charles Schwab as a condition of the merger.

Interactive Brokers

Kruse Asset Management has opened a relationship at Interactive Brokers (“IB”), an international broker/dealer that may have advantage technologies, margin rates, trading platforms, etc. for selected clients. At this time, less than 5% of KAM assets are held at IB.

Item 16: Investment Discretion

Kruse Asset Management will supervise and direct the investments of the Client account subject to such limitation as the client may impose in writing. Kruse Asset Management, as agent and attorney-in-fact with respect to the client's account, without prior consultation with the client, may, (a) direct the purchase sell, exchange, conversion, and otherwise trade in stocks, bonds and other securities including money market instruments, (b) direct the amount of securities purchased, sold, exchanged, and otherwise traded, (c) place orders for the execution of such securities transactions with other; and (d) determine the commission rates paid. Kruse Asset Management will allocate brokerage transaction in a manner it believes to be fair and responsible to its clients, and consistent with client objectives. Adhering to a strict formula will not be practicable give the variation in client objectives and guidelines.

Unless the Client instructs Kruse Asset Management otherwise, the Company may place orders for the execution of transactions with or through a broker/dealer as Kruse Asset Management may select, and complying with Selection 28(e) of the Securities Exchange Act of 1934, may pay a commission on transactions in excess of the amount of commissions another broker or dealer would have charged. Kruse Asset Management will select such brokers that can affect transactions at the best price and execution under the prevailing circumstances. Kruse Asset Management will only refer clients to dealers registered in states where the clients reside.

In the management of investment portfolios, Kruse Asset Management acts in a manner in keeping with what it understands and believes to be the best interests of the Client (a “fiduciary.”)

Purchase and sale of specific securities by employees of Kruse Asset Management are prohibited when there are client programs active in those securities. Execution for clients will always receive priority. The officers and employees of Kruse Asset Management report transaction monthly.

Individual securities are selected to provide diversification among economic sectors and industries which are chose to achieve the desired balance between expected risk and expected return. Transactions of an unusual nature are discussed with clients before execution.

KAM retains discretion on the following:

- Securities purchased,
- Amount of the securities to be bought or sold,
- Broker or dealer to be used (if Kruse Asset Management refers a broker or dealer to a client, the Company will only refer clients to dealers registered in states where the client resides.)
- Commission rates paid.

Non-Discretionary Accounts

Should KAM hold an account on a non-discretionary basis, we will properly secure the client’s permission prior to effecting any securities transaction.

Item 17: Voting Client Securities

Proxy Voting: When given the express written consent by the Client, it is the policy of Kruse Asset Management to vote proxies in the manner in which the Company believes it to be in the best interest of its clients. The Company generally, but not always, votes in accordance with the recommendations of the issuer's existing management, except when the Company believes it is not prudent to do so or when the Company believes it would be in the best interest of their clients not to do so.

Item 18: Financial Information

Kruse Asset Management does not solicit prepayment of client's fees and therefore Financial Information is not required, nor does KAM foresee any event that would cause them to be unable to meet their contractual obligations.

Kruse Asset Management has not been the subject of any bankruptcy petitions.

Item 19: Requirements for State-Registered Advisers

Principals of Kruse Asset Management

KAM requires that all investment advisers and associated persons meet the examination and experience requirements of the States in which they provide advisory services.

KAM generally requires associated persons to have at least these minimum levels of education:

- A degree from an accredited 4-year college or university, and
- An advanced degree such as a Masters in Business Administration (MBA), Masters in Management (MM) or Jurist Doctorate (JD).

Should these minimal levels of education not be present, the Company would most likely require extensive direct expertise in a particular field acquired via relevant work experience. Associated persons of Kruse Asset Management are also strongly encouraged to acquire appropriate professional affiliations such as Chartered Financial Analysts (CFA) or Certified Financial Planner (CFP). Associated persons of Kruse Asset Management must display a high degree of integrity in their previous business background, have high standards of morals and ethics (as set forth by the CFA Institute) and be committed to providing quality investment advice. The above standard includes, but is not limited to ensuring that all material conflicts of interest under CCR Section 260.238 (k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

Joseph Stuart Kruse, CFA

Born: 3/11/1966

Education:

Chartered Financial Analyst ("CFA") Charterholder

Kellogg Graduate School of Management, Masters in Management ("MBA") with concentrations in finance, decision sciences ("game theory"), entrepreneurship & innovation, and marketing), 1995.

Northwestern University, Bachelors of Science ("BS") in chemical engineering with a minor in economics, 1988.

Business background for past ten (10) years:

Kruse Asset Management, LLC (2007 - present) President/Founder.

Lake Forest Graduate School of Management (2013 - 2015) Adjunct Professor, Classes: Quantitative Decision Making.

Concordia University (2009 - 2010) Adjunct Professor, Classes: Financial Entrepreneurship,

Ethical Leadership.

Disclosures:

An award or otherwise being *found* liable in an arbitration claim alleging damages in excess of \$2,500, *involving* any of the following:

- (a) an investment or an *investment-related* business or activity; No
 - fraud, false statement(s), or omissions; No
 - theft, embezzlement, or other wrongful taking of property; No
 - bribery, forgery, counterfeiting, or extortion; or No
 - dishonest, unfair, or unethical practices. No
1. An award or otherwise being *found* liable in a civil, *self-regulatory organization*, or administrative *proceeding involving* any of the following:
- an investment or an *investment-related* business or activity; No
 - (a) fraud, false statement(s), or omissions; No
 - theft, embezzlement, or other wrongful taking of property; No
 - bribery, forgery, counterfeiting, or extortion; or No
 - dishonest, unfair, or unethical practices No

John Brick, CFA

Born: 3/11/1966

Education:

Chartered Financial Analyst ("CFA") Charterholder

Miami University, Bachelors of Science ("BS") in Finance, 2011.

Business background for past ten (10) years:

Kruse Asset Management, LLC (2021 - present), Chief Investment Officer.

Altman Advisors (2018 - 2021), Associate Portfolio Manager.

Morningstar (2017 - 2018), Equity Analyst.

Stephens, Inc. (2015 - 2016), Equity Research.

Vilas Capital Management, LLC (2014 - 2015), Research Analyst.

Northern Trust Corporation (2011 - 2014), Private Equity Analyst.

Disclosures:

An award or otherwise being *found* liable in an arbitration claim alleging damages in excess of \$2,500, *involving* any of the following:

- | | |
|--|----|
| (b) an investment or an <i>investment-related</i> business or activity; | No |
| fraud, false statement(s), or omissions; | No |
| theft, embezzlement, or other wrongful taking of property; | No |
| bribery, forgery, counterfeiting, or extortion; or | No |
| dishonest, unfair, or unethical practices. | No |
| 2. An award or otherwise being <i>found</i> liable in a civil, <i>self-regulatory organization</i> , or administrative <i>proceeding</i> involving any of the following: | |
| an investment or an <i>investment-related</i> business or activity; | No |
| (b) fraud, false statement(s), or omissions; | No |
| theft, embezzlement, or other wrongful taking of property; | No |
| bribery, forgery, counterfeiting, or extortion; or | No |
| dishonest, unfair, or unethical practices | No |

Outside business interests

Associates of Kruse Asset Management will, for selected clients and/or non-client, assist and consult on particular ventures in a financial capacity.

Kruse Asset Management does not participate in activities that may be a conflict of interest in providing clients with sound investment advice. Kruse Asset Management does not receive any compensation that may be in conflict with investment decisions made by the Company.

J. Stuart Kruse, CFA

Mr. Kruse has been employed as an independent, expert economist in wrongful action lawsuits. These cases are relatively rare (1-2 per year) during which Mr. Kruse may spend approximately 10 hours preparing each report and another 2-3 hours for depositions for each case. Over a year, Mr. Kruse may spend 25 hours in these activities which are not a conflict of interest for KAM clients. In fact, these activities go to the credibility of Mr. Kruse's knowledge base in that it is frequently tested by opposing counsel under stressful conditions.

Performance-Based Fees

As stated in the "Performance-Based Fees" section, KAM offers the options for qualified clients (pursuant to SEC rule 205-3) to participate in performance-based fees. Depending on the fee-structure selected, KAM may be incented to take on more (or in some cases less) risk than a client with a similar risk profile who did not select a performance-based fee option. KAM generally attempts to manage portfolios independent of the fee structure selected by the client. To help with this goal, KAM uses a highly disciplined approach to implementing models and strategies. Additionally, KAM has allowed the client to retroactively select the fee structure after one year of management. This helps the client understand the fees that might be charged under different fee selection options and has the added advantage that helps to minimize the incentive of KAM to act differently towards one client versus another.

Any performance-based fees will be charged in accordance with California code of Regulation, Section 260.234.

Disclosure of material relationships with issuers of securities

No Kruse Asset Management employee has been involved in an award or found liable in an arbitration claim alleging damages in excess of \$2,500 or found liable in any civil, self-regulatory organization, or administrative proceedings.

California Disclosures

Conflict of Interest Disclosure (CCR Section 260.238(k))

Kruse Asset Management has no additional Conflicts of Interest to report, including (a) those pertaining to compensation arrangement connect with advisor services which are in addition to the advisory fees {none}; (b) other financial industry activities or affiliations {none}; or (c) participation of interests in client transactions {none}.

Financial Planning Conflict of Interest Statement (CCR Section 260.235.2)

At KAM we adhere to the highest standards of integrity and transparency in all aspects of our services. As part of our commitment to maintaining your trust and confidence, we provide the following disclosure regarding potential conflicts of interest that may arise in the course of our financial planning services:

1. **Compensation Structure:** Our firm may receive compensation through various means, including fees based on assets under management (AUM), hourly fees, flat fees, commissions from the sale of financial products, or a combination of these methods. This compensation structure may influence our recommendations and the financial products or services we suggest.
2. **Affiliate Relationships:** We may have relationships with affiliated companies, such as broker-dealers, insurance agencies, or investment firms. These relationships could create incentives for us to recommend their products or services over those of competitors.
3. **Third-Party Payments:** Our firm may receive compensation or other benefits from third parties, such as mutual fund companies, insurance providers, or investment managers, based on your selection of their products or services. These payments may influence our recommendations.
4. **Proprietary Products:** We may offer proprietary financial products or services developed or managed by our firm. While we strive to recommend solutions that are in your best interest, the availability of proprietary products may create a conflict of interest.
5. **Dual Roles:** Our firm may act in multiple capacities, such as serving as an investment advisor, insurance agent, or broker-dealer. In such situations, we will disclose our roles to you and act in accordance with the applicable regulations and standards.
6. **Referral Arrangements:** We may enter into referral arrangements with other professionals, such as attorneys or accountants, who may refer clients to our firm. These arrangements could influence the advice or recommendations provided.

7. **Personal Trading:** Our advisors and employees may engage in personal trading activities that could conflict with your interests. We have implemented policies and procedures to mitigate such conflicts, including restrictions on trading certain securities or obtaining pre-clearance for trades.
8. **Potential Conflicts Resolution:** We are committed to managing and disclosing conflicts of interest in a manner that prioritizes your best interests. Our fiduciary duty requires us to act with undivided loyalty and utmost good faith in all client matters.

Please review this disclosure statement carefully and feel free to ask any questions you may have regarding our potential conflicts of interest or how they may impact our financial planning services. We are dedicated to providing you with the information and guidance necessary to make informed decisions about your financial future.