



Cover Page - Item 1

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Form ADV Part 2A Disclosure Brochure

March 25, 2025

This brochure provides information about the qualifications and business practices of Desert Rose Capital Management, Inc. (hereinafter "DRCM" or "the Firm"). If you have any questions about the contents of this brochure, please contact Kirk Stafford at (208) 297-2710. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about Desert Rose Capital Management, Inc. is available on the SEC's website at www.adviserinfo.sec.gov. Our CRD number is 154331.

Desert Rose Capital Management, Inc. is an investment adviser registered with the SEC. Registration does not imply any level of skill or training.

Material Changes - Item 2

The purpose of this Item is to inform you of any material changes since the previous annual updating amendment of this Form Part 2A Disclosure Brochure ("Brochure") This Brochure, dated March 25, 2025, reflects the materials changes since the filing of our last material update filing. The material changes to DRCM are as follows:

- Item 4 has been amended to reflect our practices of recommending private investments and the management of those assets when in the best interest of the client.
- Item 5 has been amended to more accurately reflect our fees.
- Item 6 has been amended to disclose side-by-side management.
- Item 8 has been amended to more accurately reflect the risks associated with our investment strategies.
- Item 10 has been amended to disclose other financial industry activities and the conflicts associated with those activities.
- Item 11 has been amended to disclose the conflicts of interest associated with Cash Value Lending Corporation.
- Item 12 has been amended to reflect our held away private asset custodial arrangements.

DRCM encourages each existing client or prospective investor to read this Brochure carefully and to call us with any questions you may have. If you would like a current copy of our Brochure at any time, free of charge, please contact Kirk Stafford at (208) 297- 2710.

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Advisory Business - Item 4

Desert Rose Capital Management, Inc. (“we”, “us”, “our”, the “Firm” or “DRCM”) is registered with the U.S. Securities and Exchange Commission as an investment advisor. DRCM was established July 19, 2010, by Kirk Alan Stafford, the founder, president. DRCM is organized as a corporation under the laws of Idaho and solely owned by Mr. Stafford. DRCM is not a publicly held company.

Investment Advisory Services

We offer investment advice and asset management on both a discretionary and non-discretionary basis inclusive of services for public and non-publicly traded securities. Our core competency is the utilization of exchange traded options in conjunction with conservative income producing assets designed to produce lower overall portfolio risk while participating in potential market appreciation. While not a primary focus, we may also provide advice on non-security related financial products and services such as life insurance, mortgages, estate planning, retirement plans, and savings, budgeting, debt reduction, tax planning, and preparation (in conjunction with a CPA), and savings plans for college and mission funds. With respect to DRCM’s advised separately managed accounts (“SMAs”), our Firm has conflicts in which certain strategies employed for certain clients may conflict with other clients. For example, short selling is representative of a conflict with client SMAs, trade sequencing that favors DRCM, cross trading, aggregation, and allocation of trades. We attempt to mitigate these conflicts by adhering to our fiduciary duty to keep our client’s interests first, not entering into short selling that would be contrary to client accounts, engaging in front running, or cross trading. Any aggregated trades are allocated with averaged prices.

We customize our advisory services for you based on your time horizon, risk tolerance, current financial situations, goals, and comfort levels. You may impose reasonable restrictions on investing in certain securities or types of securities through written communication to us. We also act as a third-party adviser or sub-advisor on accounts held by other registered investment advisers (and their qualified custodians), giving us the ability to implement our portfolio strategies on behalf of the respective registered investment advisers. We typically manage client accounts under our discretion. Discretionary portfolio management means we will make investment decisions and place buy or sell orders in those accounts without contacting the adviser or client. DRCM also serves as the investment manager and provides discretionary advisory services to one pooled investment vehicle, the “Cash Value Fund, LP, (the “Fund”), organized as a limited partnership and available to accredited investors.

When suitable for clients, typically accredited investors, qualified clients, and/or qualified purchasers or otherwise sophisticated investors (as those terms are defined by the Securities and Exchange Commission) with limited liquidity needs only, we may recommend and assist clients in making investments in private funds. Any private investments will be conducted exclusively via private funds offered and overseen by a reputable manager with recognizable institutional expertise in the targeted investment area.

These funds are chosen when we believe they may offer some combination of:

- exposure to assets or investment strategies that may be uncorrelated, or less correlated, to the broad publicly traded equity and debt markets
- sources of return from the underlying assets themselves or the trading strategy employed that may be attractive but are otherwise inaccessible, or heavily constrained when offered in public investment vehicles

To evaluate the relative attractiveness between private investments and publicly traded alternatives, DRCM considers the added risk factors inherent in private investments to determine how to best implement them for suitable clients within our overall portfolio construction. We will typically complete some or all of the following analysis, prior to making any initial investment recommendation, and during the ongoing period that we hold any exposure to that investment:

- Initial and ongoing due diligence of the manager and the investment offering that may include:
 - Review of fund subscription materials, audited financials, historical tax reporting samples, historical investment commentary and other reporting furnished by fund manager or sponsor
 - In-person or remote attendance at fund manager or sponsor update calls, webinars, or meetings
 - Fund performance reviews: monthly, quarterly, semi-annual, or annual
 - Discussion with other investors and review of third-party sources of due diligence on the manager and the fund
- Coordinating tax document delivery and ongoing tax planning related to the fund with client CPAs to monitor any unique income character and ancillary filing requirements resulting from the private structure itself or the underlying investment activity
- Evaluation and integration of applicable fund liquidity opportunities within the context of, but not limited to, client goals, objectives, tax situation, need for liquidity, and estate planning
- Discretionary management and handling of all intervening private fund cash flows – including but not limited to - initial commitments, ongoing capital calls, income/capital distributions, voluntary/involuntary redemption activity, sequential commitment structuring, target illiquidity maintenance at the portfolio level
- Awareness and integration of any unique return/risk attributes for each individual fund and the private fund commitment as a whole with the consolidated portfolio construction and expected interaction between other clients investments
- Ongoing performance/valuation reporting maintenance for all individual private investments and the private fund commitment as a whole – fully integrated into the client's consolidated performance/risk reporting which covers all public and private investments across the portfolio

The Cash Value Fund, LP, was launched on March 15, 2019. The Fund is managed by a general partner, Cash Value Fund GP, LLC, which is also the fiduciary of the fund. DRCM is the investment manager of the Fund, performing the selection and management of individual investments, insurance policies, and investment managers within the Fund. The Fund's investment objective is to provide a highly liquid, principal-protected return to investors with a very competitive yield compared to other short-term liquid investment vehicles. The primary investment focus of the Fund will be to purchase permanent life insurance policies and to issue loans fully collateralized by the cash values of life insurance policies. It is important to note that the Cash Value Fund, LP is not a "private fund" within the meaning of the Form ADV. The Form ADV limits the definition of "private fund" to issuers that would be an "investment company" under the Investment Company Act but for an exemption under Section 3(c)(1) or 3(c)(7). The Cash Value Fund, LP is primarily investing in permanent life insurance policies, which the SEC generally does not consider to be "securities" within the meaning of the Investment Company Act. As such, it has been determined that the Cash Value Fund is not an "investment company" under the Investment Company Act and therefore did not need to qualify for an exemption from registration under Section 3(c)(1) or 3(c)(7) of the 1940 Act (thus taking it out of the definition of "private fund" for Form ADV purposes). Additionally, DRCM through its management of the Cash Value Fund ("CVF" or "Fund") maintains some conflicts of interest described further in this section. More specifically, there is a presented conflict given the Firm has a financial incentive to recommend the higher fee strategy associated with the CVF (versus other alternative investments) which we attempt to mitigate by not imposing an incentive or performance fee and by fully disclosing the fee differences in the applicable offering memorandum. Prospective investors are encouraged to read the offering memorandum prior to investing. Insofar as the CVF may acquire life insurance policies from persons affiliated with the Firm, its principal (Kirk Stafford) and its employees. In the event the Fund acquires such policies, it will create a conflict of interest if the Fund must surrender any life insurance policy for any reason. Because the death benefit of any given policy is generally forfeited once the policy is surrendered, the Investment Manager would have an incentive to surrender policies of non - affiliated persons, even if surrendering the policies of affiliated persons would be more beneficial to the Fund. The Fund may sell life insurance policies to the Principal of the Investment Manager or other related parties as an alternative to surrendering such policies. A sale to any related party would create a conflict of interest because the Investment Manager would be incentivized to accept a lower sale price on behalf of the Fund for the benefit of the related party. No commissions will be permitted on the sale of the Affiliated person's policy to the Life Settlement Provider. The relationship

between DRCM, in its capacity of Investment Manager of the Fund, and Mr. Stafford's principal status with Affiliated Life Settlement Provider and Affiliated Preferred Stock Issuer ("affiliated entities") create conflicts of interest in that the Investment Manager and its principal have an incentive to direct a disproportionate part of the Fund's transactions to the affiliated entities. The Investment Manager will not, however, direct any Fund transaction to the affiliated entities unless the Investment Manager has first determined in good faith that it is in the Fund's best interest to direct such transactions to the affiliated entities and that such compensation to the Principal is reasonable in relation to the value of the return and other benefits provided by the affiliated entities, viewed in terms of either the specific transaction or the Investment Manager's overall responsibilities to the Fund. The Affiliated Preferred Stock Issuer conducts business that is in conflict with the business of the Fund and may take business opportunities available to the Fund. The Investment Manager has no obligation to allocate business opportunities to the Fund in preference to the Affiliated Preferred Stock Issuer. For additional information, refer to the Fund's offering memorandum.

Kirk Stafford, President of DRCM, is the principal owner and manager of Cash Value Fund GP, LLC (or "Principal"), the General Partner to the Fund. Mr. Stafford is involved in the day-to-day management of the Fund and its General Partner. He and other persons associated with DRCM who are responsible for providing advisory services to clients of DRCM have a financial incentive to recommend investments in the Fund. Investors to whom the Fund is offered will receive a private placement memorandum and other offering documents. Investors in the fund are urged to carefully review the offering documents for a complete description of the fees, conflicts of interest, investment objectives, risks, and other important information associated with investing in the Fund. Mr. Stafford serves as principal of the Affiliated Life Settlement Provider, an Idaho licensed life settlement provider, and Cash Value Lending Corporation (CVLC), the Affiliated Preferred Stock Issuer. The Affiliated Life Settlement Provider and Affiliated Preferred Stock Issuer are not responsible for the investment results of the Fund. The Principal of the General Partner and Investment Manager may be paid commissions by the Affiliated Life Settlement Provider from the Fund's transactions directed to it by the Investment Manager. Mr. Stafford, in connection with the CVLC, may have an incentive to recommend lending services to the client for the purpose of gathering fees and interest on loans rather than making such recommendations based solely on the client's needs. The client is under no obligation, contractually or otherwise, to use lending services through Mr. Stafford or any person or entity affiliated with our firm. Clients are provided with information about alternative lending options first, ensuring they have access to independent lending services. If for some reason they are not able to use alternative lending options, then they can choose to engage with CVLC. Recommendations to an SMA client to invest in Cash Value Fund LP can create a preferred share investment in Cash Value Lending Corporation.

Wrap Fee Programs

We do not manage, sponsor, or participate in any wrap-fee programs.

Assets Under Management

As of December 31, 2024, DRCM managed approximately \$112,679,913 in total regulatory assets under management ("RAUM"), of which \$111,588,262 is managed on a discretionary basis, and \$1,091,651 on a non-discretionary basis.

Fees and Compensation - Item 5

Investment Advisory Fees

Desert Rose Capital Management, Inc. is legally and morally obligated to invest according to the best interests of its clients. We are compensated based on a percentage of the total value of assets we manage for our clients. We retain the right to negotiate the fee schedule. If you would like to negotiate a lower fee at any time, you simply need to propose in writing what and how you would like to pay. We will evaluate your proposal and either accept, modify, or decline your proposal. If we modify our fee schedule, we will give you at least thirty (30) days written notice to you. We will not raise fees without written consent from you. For customized portfolios, the fee may vary depending on the services provided.

Your investment management fees are deducted from your advisory account. Unless otherwise agreed upon in advance, fees are charged quarterly, in advance, at the beginning of each quarter based upon the account value at the end of the last day of the previous quarter at the annual rates listed below. The initial fee, which may be for a period of time less than three (3) months, will be based upon the asset value on or about the date that management of the account commences, (the "Commencement Date"). Fees are pro-rated for the period beginning on the Commencement Date through the first three-month billing date and shall be billed within sixty (60) days after the Commencement Date. Please be sure to read Item 15 as well.

You are required to pay your fees as agreed upon by the executed Investment Advisory Agreement. Generally, agreements require that management fees be paid in advance. You may terminate the agreement by providing us with written notice, and any unearned fees are refunded on a pro-rata basis. We shall be paid through the date of termination. The refund of fees would be determined from the date of termination through the end of the period paid in advance.

Clients in the separately managed accounts will be subject to the new fee schedule as shown below. Account minimums are \$50,000.00 subject to a waiver of the minimum at our discretion.. Unless otherwise agreed upon in advance, annual fees charged for assets under management are as follows:

- When acting as the sub-advisor for another Registered Investment Advisor: 0.85% for accounts under \$5,000,000, 0.75% for accounts valued between \$5,000,001 to \$10,000,000, and 0.65% for accounts exceeding \$10,000,000.
- When acting as primary investment advisor: 1.75% for accounts under \$500,000, 1.50% for accounts valued between \$500,001 to \$1,000,000, 1.25% for accounts valued between \$1,000,001 to \$5,000,000, and 1.00% for accounts exceeding \$5,000,000.
- When acting as primary investment advisor for clients that have been brought to us under a solicitor's agreement we charge an annual fee of 0.85% plus solicitor's fees.
 - When acting as primary investment advisor for premium reserve accounts, we charge a flat 0.75% annual fees.

Legacy clients may be serviced on a previous fee scheduling differing from that enumerated above.

DRCM receives a management fee from the Cash Value Fund, LP as of the last day of each month in arrears equal to 0.75% on an annual basis of each Limited Partner's total capital account balance in the Fund as of the last day of such month, prior to accrual of any performance allocation and prior to any withdrawals as of such last day. The Management Fee is prorated for Interests held for less than a full month.

Investment advisory clients may be charged a different amount than when they are investors in the Cash Value Fund, LP. This is a conflict of interest because there is an incentive to recommend the higher fee strategy. We attempt to

mitigate this risk by fully disclosing the fee differences, the conflict that it presents and adhering to our fiduciary duty to keep our client's interests first. Moreover, clients are not obligated to invest in the Cash Value Fund, LP or any other recommended private fund.

Other Fees and Expenses

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by you. In addition to our fees, you may incur certain charges imposed by custodians, brokers, third party investment managers and other third parties such as custodial fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in each fund's prospectus. Investors in the Cash Value Fund, LP will have custodian fees reimbursed for their holdings in the fund to avoid duplicative custodian charges.

These charges, fees, and commissions are exclusive of and in addition to our fees, and we shall not receive any portion of such commissions, costs, and fees. In the case of investment advisory consulting services provided by us, we shall be reimbursed for certain expenses to the extent you require higher service levels.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

We stand behind our investment management abilities, strategies and services. If you are dissatisfied with our services for any reason, you may notify us in writing 10 business days before or after the latest billing and we will give you a full refund for that billing.

We do not accept compensation for the sale of any security. We employ licensed insurance agents and may recommend insurance products and securities to help fulfill your financial needs. We may recommend various insurance companies and insurance products when making recommendations. We may be compensated by these companies when their products are sold. The sales-based commission compensation received by our employees is separate from and in addition to the investment advisory fees you will pay.

This presents a conflict of interest and gives us and our supervised persons an incentive to recommend investment products based on the compensation received, rather than on your needs. We are, however, obligated both morally and legally to place your interests first. We will make recommendations that are in your best interest, regardless of how or if we are compensated. We will notify you when we are discussing commission-based insurance products and how they would compare with a fee-based alternative. To the extent the Cash Value Fund invests in preferred shares offered by a related person under common control, Cash Value Lending Corporation, it represents a conflict that is mitigated through disclosure in this Brochure and the Cash Value Fund's offering documents.

You have the option to purchase insurance products that we recommend from other agents that are not affiliated with us. Commissions are not a primary source of revenue.

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

DRCM does not accept performance-based fees in investment advisory accounts or from the management of the Cash Value Fund, LP. DRCM manages the investments of the Cash Value Fund, LP side-by-side with clients' separately managed accounts. The management activity of the Cash Value Fund, LP does not conflict with separately managed accounts and DRCM personnel do not favor either the fund or separately managed accounts. As discussed below, DRCM manages all client accounts in accordance with a Code of Ethics.

Types of Clients - Item 7

Types of Clients

We provide investment advice to individuals, including high-net-worth individuals, profit-sharing plans, trusts, estates, a pooled investment vehicle exempt from registration pursuant to section (3)(c)(1) of the Investment Company Act of 1940 (i.e., Cash Value Fund, LP) and corporations or other businesses not already listed. We act as the sub-advisor to unaffiliated advisors.

Account Minimums

The minimum amount required to open an account is \$50,000 for separately managed accounts, which may be waived if agreed upon in advance, at our discretion. Details concerning applicable Cash Value Fund, LP ("Fund") investor suitability criteria, investment minimums, which are generally \$25,000, and other pertinent details are outlined in the applicable Fund's governance documents. The minimum commitment for an investor is outlined in the applicable Fund's Governing Documents, including the discretion of Cash Value Fund to accept less than the minimum investment threshold. Each investor in the Fund who is a U.S. Person (as defined in Regulation S under the Securities Act of 1933, as amended (the "Securities Act")) is required to meet certain suitability qualifications, such as being an "accredited investor" as defined under Rule 501(a) of Regulation D of the Securities Act of 1933 and "qualified client" as defined in the Investment Advisers Act of 1940 ("Advisers Act").

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

We primarily use a fundamental analysis of capital markets and asset allocation as the basis for our investment advice and the management of assets. We then use our experience and knowledge of exchange traded options to help mitigate the risks of owning stocks and bonds, and to potentially increase their performance.

We typically do this by buying long term call options on an equivalent number of the same underlying shares. We then use the remaining amount of what would have been used to buy the shares directly to invest in what we believe to be more conservative assets. These assets are used with the intent to mitigate risk and offset the costs of the options that were purchased on the underlying shares. Other option strategies are also employed using a small percentage of the portfolio with the intent to offset the costs of purchasing the call options. Proprietary algorithms and software are used to optimize what we feel are the most appropriate options for current stock market and option market conditions, transitioning and adjusting the portfolio as we feel appropriate and necessary.

Investing involves risk. There are unique risks associated with exchange traded options that should be understood before investing. Liquidity risks, more frequent transaction costs, fluctuations in price due to volatility, interest rates, currency exchange rates, etc. can all be factors that increase the risk that you will lose investment capital. We take these risks very seriously and take great care to try to reduce these risks, but you must be willing and able to bear the risk of a possible loss of capital.

Options Risks. There are numerous risks associated with transactions in options on securities or securities indexes. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. In the case of index options, the client incurs basis risk between the performance of the underlying portfolio and the performance of the underlying index. For example, the underlying portfolio may decline in value while the underlying index may increase in value, resulting in a loss on the call option while the underlying portfolio declines as well.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash to prevent a loss, realize an anticipated profit, or otherwise transfer funds out of the particular investment. Generally, investments are more liquid if the investment has an established market of purchasers and sellers, such as a stock or bond listed on a national securities exchange. Conversely, investments that do not have an established market of purchasers and sellers may be considered illiquid. Your investment in illiquid investments may be for an indefinite time, because of the lack of purchasers willing to convert your investment to cash or other assets.

Real Estate Investment Trust: A real estate investment trust ("REIT") is a corporate entity which invests in real estate and/or engages in real estate financing. A REIT reduces or eliminates corporate income taxes. REITs can be publicly or privately held. Public REITs may be listed on public stock exchanges. REITs are required to declare 90% of their taxable income as dividends, but they actually pay dividends out of funds from operations, so cash flow has to be strong or the REIT must either dip into reserves, borrow to pay dividends, or distribute them in stock (which causes dilution). After 2012, the IRS stopped permitting stock dividends. Most REITs must refinance or erase large balloon debts periodically. The credit markets are no longer frozen, but banks are demanding, and getting, harsher terms to re-extend REIT debt. Some REITs may be forced to make secondary stock offerings to repay debt, which will lead to additional dilution of the stockholders. Fluctuations in the real estate market can affect the REIT's value and dividends.

Private Placement Risk: For the private placement securities portion of a client's portfolio, we employ a number of different means and accesses multiple outside resources to provide for an appropriate level of due diligence in identifying various private placement and direct participation investment offerings that may be recommended

to our clients. This may include sponsor financial reviews, attendance at sponsor provided due diligence meetings, attendance at industry sponsored due diligence conferences, access and review of third-party due diligence and review summaries, the hiring of our own due diligence counsel and review, consulting with other industry professionals as well as industry specialists. The due diligence process is ongoing and continual and may include the gathering of available information, such as; marketing materials, audited financial reports sponsor and investment entity operating statements, profit and loss statements, balance sheets, offering memorandums, subscription agreements, annual reports, industry outlook reports, economic studies, and others.

Alternative Investments Risks. The performance of alternative investments (e.g., commodities, futures, hedge funds; funds of hedge funds, private equity or other types of limited partnerships) can be volatile. Alternative investments generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in the offering documents of each specific alternative investment. Due to the speculative nature of alternative investments a client must satisfy certain income or net worth standards prior to investing.

Options. Certain types of option trading are permitted in order to generate income or hedge a security held in the program account; namely, the buying and selling of call and put options on a security held in the program account. Client should be aware that the use of options involves additional risks. The risk of buying long puts is limited to the loss of the premium paid for the purchase of the put if the option is not exercised or otherwise sold by the program account.

Buffer ETFs. A type of structured product investment seeks to provide investors with the upside of the underlying index, market benchmark or assets returns (generally up to a capped percentage stated in the ETFs prospectus and prospectus supplement) while also providing downside protection on the first predetermined percentage of losses. Similar to other ETFs, a buffer ETF will be designed to track a stated index, market benchmark, or asset. However, the buffer ETF will also use a portfolio of options and derivatives in order to achieve the stated capped return ("cap") and limitation of losses ("buffer").

Most buffer ETFs have a stated outcome or holding period (typically a 3 month or 12-month period), in order to realize the benefits of the hedge or limitation on losses. These limited outcome periods or holding periods mean that only those investors who purchase at the beginning of the outcome period (e.g., on the first date of rebalancing) and hold the ETF throughout the entire outcome period will be provided with the level of return/protection stated by the prospectus. Investors who invest in these ETFs at any time after the beginning of the outcome or holding period or who liquidate their investments in these ETFs before the end of the holding or outcome period, will receive different caps and buffers on gains and losses than those stated in the ETF prospectus or prospectus supplement. Fund sponsors often post the anticipated cap on returns, buffers, and days remaining in the outcome period on the funds' websites. The updated caps, buffers, and days remaining should be considered and analyzed by an investor before investing in the buffer ETF at any time other than the beginning of the outcome period and should further be reviewed prior to liquidating any investment in such ETFs prior to the conclusion of the applicable holding or outcome period. At the end of an outcome period, the buffer ETF will roll into a new set of option contracts with the same buffer level and term length, but a new upside cap. This upside cap may be higher or lower than the preceding period and will depend on market conditions at the time. Additionally, the expenses associated with the new options contracts may impact the expenses of the ETF, which could impact returns to investors who hold these ETFs through multiple outcome periods.

Investors should understand that buffer ETFs are complex products with complicated and layered strategies. There are unique risks and considerations that investors must understand and accept before purchasing a buffer ETF. Investors should consider the following implications before purchasing a buffer ETF:

1. Exposure to the index is likely limited to price returns. Dividends and income are not included.
2. Downside protection is not eliminated and is only "buffered". Accordingly, if a given buffer ETF has a stated buffer of 10% and the underlying reference index falls 25% during the outcome period, that investor will

experience a roughly 15% loss. This loss will be further increased once management fees are subtracted from the portfolio.

3. The buffer ETFs upside return is capped. Investors will not be compensated if the underlying reference index experiences a higher return than the stated cap. This cap is established to offset the costs of purchasing options to create the downside buffer, therefore the cap and buffer are inversely related. Thus, if investors require more downside protection, the trade-off is a lower upside cap (meaning a lower upside return). Conversely, if an investor requires a higher upside return it will result in less downside protection.
4. Due to the strategies employed these funds will generally exhibit a greater potential for loss than the potential for gain. In other words, by capping the upside, investors miss out on gains that exceed the upside cap, but they still participate in all downside losses beyond the stated buffer.
5. Because these buffer ETFs trade in options that are volatile in price, investors who invest in these ETFs beyond the initial holding or outcome period may experience losses due to the price fluctuations in the trading of options contracts at the start of the new holding period. It is therefore not recommended to hold these investments beyond the stated outcome or holding period.

Investors should also be aware that in addition to these risks unique to buffer ETFs, these products also face the same general risks associated with any ETF product. Please see the "ETF Risks, including Net Asset Valuations and Tracking Error" paragraph in this section above for more information regarding risks associated with ETFs.

Neither DRCM, nor any other portfolio manager or group of managers, regardless of their experience, training, education, system, selection program, or model can predict the future with consistent accuracy.

The following is an explanation of the material risks that Cash Value Fund, LP believes are associated with its investment strategy. Further discussion of these and other risks associated with an investment in the Fund is outlined in the applicable Fund's Governing Documents.

The following risk factors do not purport to be a complete list or explanation of all the risks associated with an investment in the Fund.

- **General:** No guarantee or representation is made that the Fund's investment program will be successful. The Fund invests in assets which may be classified as highly illiquid. An investor should only invest in a Fund if the investor can withstand a total loss of its investment. Past investment performance is not a guarantee of future results of the Fund or any investment of the Fund.

- **Dependence on Key Individuals; No Right to Control the Fund's Operations:** Under the Fund's Governing Documents, investors will have no rights concerning the control of the Fund's day-to-day operations or the Fund's business, including investment and disposition decisions. To protect their limited liability from the liabilities and obligations of the Fund, investors must rely entirely on Cash Value Fund, LP to conduct and manage the Fund's affairs. The success of the Fund is expected to be dependent significantly upon the expertise of the Kirk Stafford. There can be no assurance that Kirk will continue to manage the Fund throughout its term. The loss of the services of Kirk could have a material adverse effect on the performance of the Fund and the value of an investment in the Fund. Although Kirk will commit a portion of his business efforts to the Fund, except as may be required by the Fund's Governing Documents, he is not required to devote all of his business time to the Fund's affairs; he will devote business time to other aspects of DRCM's business.

Absence of Regulatory Oversight of the Fund: The Fund is not required to register as an investment company under the Investment Company Act and is not required to adhere to certain investor protection requirements thereunder.

- **No Assurance of Investment Return:** Neither the Fund, its General Partner or managing members, DRCM, or any other person can assure that they will be able to choose, make, and realize investments in any particular investment or portfolio of investments. There is no assurance that the Fund will be able to generate returns for its investors (specified herein or otherwise), or that the returns will be commensurate with the risks of investing in the types of investments and transactions described herein or comparable to the Fund's targeted returns. The marketability and value of any such investment will depend upon many factors beyond the control of DRCM. The Fund may suffer defaults on its investments and may find it difficult or uneconomic to realize its investments. An investor could lose the entire amount of their contributed capital, and therefore should only invest in a Fund if they can withstand a total loss of their investment. While DRCM intends to make investments that have projected returns commensurate with the risks undertaken, a total loss of the investment is possible on any given investment.
- **Uncertainty of Financial Projections:** Financial projections are by their nature inherently subject to risk and are dependent upon some factors, not all of which are within the control of the Fund. Some of the factors that will affect the results achieved by the Fund include political events, taxes, access to capital, financing risks, cap rates, interest rates, and others. While the bases for any returns are believed to be reasonable by DRCM's management, it is likely that actual events will differ from DRCM's assumptions such that actual results will similarly differ from those presented. Accordingly, there can be no assurance that returns will be achieved, and actual results may vary significantly from such expected returns.
- **Valuation of Fund Investments:** The Fund's portfolio investments are not expected to be publicly traded. As such, the fair value of investments may not be readily determinable. Because valuations of private investments are inherently uncertain and may be based on estimates, DRCM's determinations of fair value may differ materially from the values that would have been used if a readily available market for these investments existed and may differ materially from the values that the Funds may ultimately realize.
- **Changes in Regulation & Enforcement; Litigation:** The businesses of the Fund, DRCM, as well as the financial services industry generally, are subject to extensive regulation, including periodic examinations, by governmental agencies and self-regulatory organizations or exchanges in the United States and foreign jurisdictions in which they operate. These relate to, among other things, antitrust law, anti-money laundering laws, anti-bribery laws, laws relating to foreign officials, privacy laws concerning client information and the regulatory oversight of the trading and other investment activities of alternative asset management funds and their investment advisers, including the Fund and DRCM. Each of the regulatory bodies with jurisdiction over the Fund and DRCM has the regulatory powers dealing with many aspects of financial services, including the authority to grant, and in specific circumstances to cancel, permissions to carry on particular activities. Any failure to comply with these rules and regulations could expose the Fund or DRCM to liability or other risks. The additional legislation, increasing global regulatory oversight of fundraising activities and changes in the law relating to the alternative asset management industry have been particularly acute in the aftermath of the recent global financial crisis. This additional scrutiny has included, among other things, increased registration, oversight, and regulation of alternative asset management firms and disclosure concerning these firms and the vehicles they sponsor or advise, which could impact DRCM's management of the Fund. Such oversight and regulation may cause the Fund to incur additional expenses, may divert the attention of

- DRCM and its personnel, and may result in fines if the Fund is deemed to have violated any regulations. Regulation generally, and regulation more specifically addressed to the alternative asset management industry, including tax laws and regulation, could increase the cost of acquiring, holding or divesting portfolio investments, the profitability of enterprises and the cost of operating the Fund. Additional regulation could also increase the risk of 3rd party litigation. The transactional nature of the business of the Fund exposes the Fund, DRCM and certain related parties generally to the risks of 3rd party litigation. Under the Governing Documents, the Fund will generally be responsible for indemnifying their General Partner or Managing Member, as applicable, DRCM and certain related parties for losses or obligations they may incur concerning such litigation.
- Changes in Law: The Fund is subject to laws and regulations in a variety of jurisdictions, including on a state or local level. These laws and regulations, as well as their interpretation, may change from time to time. Accordingly, any change in these laws or regulations, or their interpretation or any failure by DRCM or its affiliates to comply with these laws or regulations may adversely affect the Fund. Also, the present tax treatment of an investment in the Fund may be modified by legislative, judicial, or administrative action at any time, and any such action may affect investments and commitments previously made. The rules dealing with taxation are constantly under review by persons involved in the legislative, administrative, and judicial process, resulting in revisions of regulations and revised interpretations of established concepts as well as statutory changes. Revisions in the tax laws could adversely affect the Fund's tax consequences or the tax consequences of an investment in the Fund. It is impossible to predict the degree of profitability, if any, that may be achieved from the investment strategies described above. In particular, DRCM's investment practices may, in some circumstances, increase any adverse impact to which an investment portfolio may be subject. DRCM endeavors to commit resources among the various investments and strategies consistent with the philosophy and process articulated above and in response to changing market conditions and opportunities.
- Affiliated Life Settlement Provider: The principal of DRCM is a principal of The Stafford Corporation d/b/a Aspen Life Settlements (the "Affiliated Life Settlement Provider"), an Idaho licensed life settlement provider. The Affiliated Life Settlement provider regularly purchases the types of investments in which the Fund invests. DRCM expects to execute substantially all of the Fund's portfolio transactions through the Affiliated Life Settlement Provider. Consequently, the principal of DRCM will share in a portion of the revenue normally and customarily generated to a provider by transactions of the Fund.

The preceding discussion includes and is based upon assumptions and opinions of DRCM concerning world financial markets and other matters, the accuracy of which cannot be assured. The description set forth above is general and is not intended to be exhaustive. Investment risks are substantial, and investors could realize losses rather than gains from some or all the investments described herein. Investing in securities involves a risk of loss that clients should be prepared to bear.

Disciplinary Information - Item 9

Neither the firm, its owners, nor any management person, has been found liable in any criminal or civil disciplinary action by any court or in an administrative proceeding before the SEC or any regulatory agency.

Other Financial Industry Activities or Affiliations - Item 10

We have not, and do not plan to register with the SEC as a broker/dealer. Further, we have not, and do not plan to register with the Commodities Futures Trading Commission as a futures commission merchant, commodity pool operator, a commodity trading adviser or an associated person of the foregoing entities.

Mr. Stafford is also the owner and President of Cash Value Lending Corporation, a lending company also offering loans secured by cash value life insurance. We are affiliated with Cash Value Lending through common control and ownership. The fees you pay our firm for advisory services are separate and distinct from the fees charged through our lending business. This presents a conflict of interest because Mr. Stafford may have the incentive to recommend lending services to you for the purpose of gathering fees and interest on loans rather than making such recommendations based solely on your needs. However, you are under no obligation, contractually or otherwise, to use lending services through Mr. Stafford or any person or entity affiliated with our firm.

Mr. Stafford is also the President and sole owner of The Stafford Corporation dba Aspen Life Settlements, a licensed insurance agency. We are affiliated with Aspen Life Settlements through common control and ownership. Mr. Stafford and the other persons providing investment advice on behalf of our firm are licensed as independent insurance agents. In this capacity, they can affect transactions in insurance products for their clients and earn commissions for these activities. The fees you pay our firm for advisory services are separate and distinct from the commissions earned by Mr. Stafford for insurance-related activities. This presents a conflict of interest because Mr. Stafford may have an incentive to recommend insurance products to you for the purpose of generating commissions rather than making such recommendations based solely on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through Mr. Stafford or any person or entity affiliated with our firm. We employ licensed insurance agents and may recommend insurance products to help fulfill the financial needs of our clients. We may utilize various insurance companies when making these recommendations and we may be compensated by these companies when their products are sold. This presents a conflict of interest as Mr. Stafford or associated representatives may have an incentive to recommend Insurance services to the client for the purpose of gathering commissions rather than making such recommendations based solely on the client's needs. The client is under no obligation, contractually or otherwise, to use Insurance services through Mr. Stafford or any person or entity affiliated with our firm. We don't mix Insurance sales and securities business. We make these recommendations only when it is in the client's best interest. We also discuss the conflict with the client and make sure they understand. Life insurance discussions are done on a separate call from the advisory business, and we make sure that the client understands that life insurance is done through a separate entity. Clients are provided detailed information about how it would be in their best interest. Moreover, as a registered investment adviser, we are not only ethically, but legally bound to make these recommendations only when it is in your best interest.

Kirk Stafford is the owner and president of Cash Value Lending Corporation, an Idaho corporation. Cash Value Lending Corporation is a lending company also offering loans secured by cash value life insurance, which competes with Cash Value Fund; this conflict is mitigated by the fact that cash value fund is no longer seeking competing loan opportunities. Cash Value Fund may purchase preferred shares issued by Cash Value Lending Corporation, the proceeds of which may be used by Cash Value Lending Corporation to purchase life insurance policies to finance policy loans. Mr. Stafford and his related Cash Value Lending Corporation will receive the revenue generated by the insurance policies purchased with Cash Value Fund's purchases of preferred stock, while the Cash Value Fund will receive only the established return on preferred shares.

We are also employed as a sub-advisor for unaffiliated registered investment advisors. This creates a conflict of interest, creating an incentive for us to value clients who do not use an unaffiliated advisor more. We mitigate this conflict by managing all accounts with the same proprietary software that does not distinguish between client origin or fee percentage. Also, we honor the fiduciary responsibility we have by doing what is in our client's best interest first. Through our contract with sub-advisors, a conflict of interest is created insofar as there is an incentive for us to value clients that do not use an unaffiliated and independent registered investment advisor. We manage all accounts with the same proprietary software that does not distinguish between client origin or fee percentage. Also, we honor the fiduciary responsibility we have by doing what is in our client's best interest first.

Kirk Stafford has sole ownership and control of DRCM, Aspen Life Settlements, a life settlement provider used to purchase life insurance policies for the Cash Value Fund, LP, Cash Value Fund GP, LLC, and Founder of Cash Value Fund, LP as described herein.

We may recommend and/or select independent managers to manage all or a portion of your portfolio. We are not compensated by these independent managers and their fees are separate and in addition to ours.

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

Code of Ethics

We abide by a written Code of Ethics that establishes ideals for ethical conduct based upon fundamental principles of integrity, honesty, and transparency. We will provide a copy of our Code of Ethics to you upon request.

Participation or Interest in Client Transactions

As disclosed above, we are the investment adviser to the Cash Value Fund, LP (the "Fund"), affiliated through common ownership and control with DRCM. Advisory clients of DRCM may be invested or solicited to invest in the Fund. Investments in the Fund are offered and sold only to "Accredited Investors" or otherwise sophisticated investors. Kirk Stafford, President of DRCM, is the principal owner and manager of Cash Value Fund GP, LLC, the General Partner to the Fund. Mr. Stafford is involved in the day-to-day management of the Fund and its General Partner. He and other persons associated with DRCM who are responsible for providing advisory services to clients of DRCM have a financial incentive to recommend investments in the Fund. Investors to whom the Fund is offered will receive a private placement memorandum and other offering documents. Investors in the fund are urged to carefully review the offering documents for a complete description of the fees, conflicts of interest, investment objectives, risks, and other important information associated with investing in the Fund.

As disclosed above, Kirk Stafford is also the owner and president of Cash Value Lending Corporation. Mr. Stafford has a conflict of interest arising from his ownership of Cash Value Lending Corporation, which receives proceeds from the issuance of preferred stock to Cash Value Fund. Mr. Stafford and his related Cash Value Lending Corporation will receive the revenue generated by the insurance policies purchased with Cash Value Fund's purchases of preferred stock, while the Cash Value Fund will receive only the established return on preferred shares.

Personal Trading Practices

We may own the same securities that we recommend to clients. This creates a conflict of interest. We believe this will not have any material effect because the securities used are widely held, publicly traded and our limited participation will not adversely affect the market. We do not buy or sell on the same day in front of client purchases or sales or otherwise withhold execution of transactions on the same or opposite side of the market.

Brokerage Practices - Item 12

Clients who engage us for management services will receive a recommendation based on the advisor/custodian's costs, skills, reputation, dependability, and compatibility with you. You may be able to obtain reduced commissions and fees from other advisors/custodians.

We do not maintain custody of your assets that we manage; although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use a registered broker-dealer, Member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with any qualified custodian (Custodian). The Custodian will hold your assets in a brokerage account and buy and sell securities when we give them instructions. While we recommend that you use a particular Custodian, you will decide whether to do so and will open your account with the Custodian by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with a Custodian that we can work with, then we cannot manage your account. The Custodian's requirement that our clients maintain a minimum amount of assets with them gives us the incentive to recommend that the client maintains their account with the Custodian, based on our interest in receiving the Custodian's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of their transactions. We act in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Broker's services and not Broker's services that benefit only us.

How We Select Brokers and Custodians

We seek to recommend a Custodian who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- Availability of investment research and tools that help us make investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us

Your Brokerage and Custody Costs

For our clients' accounts that the Custodian maintains, the Custodian generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Broker account. The Custodian's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a minimum amount of assets in accounts at the Custodian. This commitment benefits you because the overall commission rates you pay are lower than they

would be otherwise. We have determined that having the Custodian execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”).

Research and Other Soft Dollar Benefits

Products and Services Available to Us from the Custodian

The Custodian’s business is serving independent investment advisory firms like us. They provide us with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to the Custodian’s retail customers. The Custodian also makes available various support services. Some of those services help us manage or administer our clients’ accounts; while others help us manage and grow our business. The Custodian’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a minimum amount of their assets in accounts at the Custodian.

Services That Benefit You

The Custodian’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through the Custodian include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The Custodian’s services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You

The Custodian also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both the Custodian’s own and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at the Custodian. In addition to investment research, the Custodian also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients’ accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us

The Custodian also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

The Custodian may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. The Custodian may also discount or waive its fees for some of these services or pay all

or a part of a third party's fees. The Custodian may also provide us with other benefits, such as occasional business entertainment of our personnel.

Our Interest in Custodian's Services

The availability of these services from the Custodian benefits us because we do not have to produce or purchase them. We don't have to pay for the Custodian's services so long as our clients collectively keep a minimum amount of their assets in accounts at the Custodian. Beyond that, these services are not contingent upon us committing any specific amount of business to Broker in trading commissions or assets in custody. The Custodian's requirement that our clients maintain a minimum amount of assets with them gives us an incentive to recommend that you maintain your account with the Custodian, based on our interest in receiving the Custodian's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We will act according to our fiduciary responsibility in our recommendation of a custodian and broker that is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Broker's services and not Broker's services that benefit only us. Some of the products or services provided by the Custodian do not qualify for the safe harbor in section 28(e) of the Securities Exchange Act of 1934, including those services that do not aid in investment decision-making or trade execution. These business management and development services, in addition to those listed above, may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the Custodian may use independent third parties to offer these services to us. We may cause clients to pay commissions that are higher than those that another qualified broker-dealer might charge to affect the same transaction where we determine that the commission is reasonable in relation to the value of the brokerage and research services received.

Brokerage for Client Referrals

We do not receive any referrals or other benefits in exchange for client referrals from the broker-dealers and/or custodians that we use.

Directed Brokerage

We routinely recommend that you direct our firm to execute transactions through one or more broker-dealers/custodians with which we have a business relationship. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

Aggregation of Orders

Transactions for each client will be affected independently unless we decide to purchase or sell the same securities for several clients at approximately the same time. We perform investment management services for various clients, some of which may have similar investment objectives. We may aggregate sale and purchase orders with other client accounts and proprietary (employee) accounts that have similar orders being made at the same time if in our judgment such aggregation is reasonably likely to result in an overall economic benefit to the affected accounts. Such benefits may include better transaction prices and lower trade execution costs. We may (but are not obligated to) combine or "batch" such orders to obtain the best execution, negotiate more favorable commission rates, or allocate equitably among our client's differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. If all aggregate orders do not fill at the same price, transactions will generally be averaged as to price and allocated among participating accounts pro rata

to the purchase and sale orders placed for each participating account on any given day. If such orders cannot be fully executed under prevailing market conditions, we may allocate the securities traded among participating accounts and each similar order in a manner which we consider equitable, taking into consideration, among other things, the size of the orders placed, the relative cash positions of each account, the investment objectives of the accounts, and liquidity of the security. We may remove small allocations from the process if we believe it would not be in the best interest of our client(s). We do not participate in block trades with clients.

Additional Custodians - Private Funds and Alternative Investments

While we anticipate that our primary custodian will hold all client cash and publicly traded securities under most circumstances, clients that choose to participate in ownership of private funds and some alternative investments will be required to utilize a separate custodian chosen by the third-party manager investing those funds.

Private funds commonly use several service providers including a Custodian that holds cash and title for all assets acquired by the manager running the fund, and a Fund Administrator that is responsible for a number of services on behalf of both the fund manager and its investors such as: calculation of the net asset value ("NAV") including the calculation of the fund's income and expense accruals and the pricing of securities at current market value; preparation of semi-annual and annual reports to shareholders; calculation and payment to the transfer agent of dividends and distributions (if required); preparation and filing of other SEC filings/reports; calculation of the total returns and other performance measures of the fund.

In these cases where custody of some assets are "held-away" from our custodian, we will evaluate the benefits and costs to you of paying our custodian to continually reflect the updated valuations received from the Fund Administrator on your our custodian statement for the sole purpose of providing a consolidated view of your assets under our management. Regardless of whether our custodian incorporates these updates though you will still receive valuation and activity reports directly from the Fund Administrator.

Should we choose not to have our custodian reflect the value of these assets in order to reduce your expenses, we will likely provide a supplementary report showing all assets on a consolidated basis using valuations supplied by our custodian and the respective custodians/Fund Administrators for any assets held away from our custodian.

Review of Accounts - Item 13

Periodic review of asset management accounts is performed on an ongoing basis. Our President and Portfolio Manager undertakes reviews of client accounts not less than bi-weekly. Accounts are reviewed for consistency with the investment strategy and other parameters set forth for the account and to determine if any adjustments need to be made.

Other reviews may be triggered by changes in an account holder's personal, tax, or financial status. Other events that may trigger a review of an account are material changes in market conditions as well as macroeconomic and company-specific events. You are encouraged to notify us and our advisory representatives of any changes in your personal financial situation that might affect your investment needs, objectives, or time horizon.

We do not prepare regular reports for our clients. However, reports are made available from the custodian(s) such as (example: Schwab,). These account statements describe all activity in your accounts including account holdings, transactions, and investment advisory fees deducted from the account. The current status of your accounts is available at any time from the custodian's website. The Cash Value Fund ("Fund") is subject to eligibility requirements for investors which are review by DRCM and the Fund Administrator inclusive of a screen to ensure that investments made into the Fund meet attendant restrictions outlined in the Fund's offering materials and that capital invested by ERISA Subject Investors is limited to under 25% of the Fund's total assets. Investors in the Cash

Value Fund receive a capital account balance statement each month from the Fund Administrator via the designated online portal. As communicated in Item 15 in further detail, Fund investors receive audited statements annually.

Client Referrals and Other Compensation - Item 14

We are not compensated by anyone for our investment advice furnished to you. We may compensate licensed entities and/or individuals for referrals. We have entered into written arrangements where we will pay individuals or entities not associated with us for successful referrals of new clients. The money paid to these other individuals or entities is a percentage of the investment advisory fees that the new client pays us. Because these non-associated individuals or entities receive payment for successful referrals, a conflict of interest exists between prospective clients and the referrer. The compensation arrangement between us and the referrer is disclosed to prospective clients before they enter into investment advisory relationships with us. If the client is introduced to DRCM by a Promoter, the client will receive in advance and in writing, from the Promoter, the Firm's acknowledgment of its engagement with the Promoter and conflicts of interests specific to the Firm and the Promoter involved.

DRCM has enacted policies and procedures concerning the use of promoters that adhere to the standard set forth under Rule 206(4)-1 of the Investment Advisers Act of 1940. Firms that are unaffiliated with DRCM which are used solicit advisory clients (each a "Promoter" and collectively, "Promoters"), on our behalf. Please refer to the Brokerage Practices section (item 12) above for disclosures on research and other benefits we may receive resulting from our relationships with recommended broker-dealers/custodians.

Custody - Item 15

With investment advisory client accounts, we are deemed to have custody of client funds because the firm has the written authority and ability to deduct its fees directly from clients' accounts and in circumstances in which SMA clients utilize standing letters of authorization ("SLOAs") in conjunction with their custodian. SLOAs are agreements initiated by clients of both DRCM and the selected qualified independent custodian ("custodian") and which represent transfers of monies from the client's advisory/custodial account held at the selected custodian to a third-party payee on periodic and regular basis. Neither of these forms of custody requires a surprise examination as is mandated under Rule 206(4)-2 of the Advisers Act ("Custody Rule") with respect to other forms of an RIA meeting certain custody requirements.

In regard to SLOAs, DRCM adheres to the protocols described in the SEC's no-action letter on February 21, 2017 which includes (in summary):

- client will provide instruction for the SLOA to the custodian;
- client will authorize the Firm to direct transfers to the specific third party;
- the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer;
- the client will have the ability to terminate or change the instruction;
- the Firm will have no authority or ability to designate or change the identity or any information about the third party;
- the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

To further mitigate any conflicts of interest, all our SMA client account assets (in addition to the Cash Value Fund assets) are maintained with an qualified independent custodian (or "custodian"). Generally, we recommend Charles Schwab for custodial services, but from time to time, other custodians may be used by us to custody assets.

In most cases, a client's broker-dealer also may act as the custodian of the client's assets for little or no extra cost. You should be aware, however, of the differences between having your assets held at a broker-dealer versus at a bank or trust company. Some of these differences include but are not limited to, custodian costs, trading issues, security of assets, client reporting, and technology.

We may only implement our investment management recommendations after you have arranged for and furnished us with all information and authorization regarding your accounts held at the designated, qualified custodian.

You will receive statements on at least a quarterly basis directly from the qualified custodian who holds and maintains your assets. You will also receive an invoice detailing how your fees were calculated by us on a quarterly basis. You are urged to carefully review all statements and fees charged by us and the custodian for accuracy and completeness.

In regard to Cash Value Fund, LP investments, we have custody of the assets. We have contracted with Richey May & Co. to audit the Fund at least annually. Richey May & Co. is an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The Fund will distribute its audited financial statements prepared in accordance with generally accepted accounting principles to all respective Fund investors within 120 days of the Fund's fiscal year-end.

Investment Discretion - Item 16

All Investment Management Services are performed typically by us on a discretionary basis, unless otherwise agreed upon at the inception of our relationship and memorialized in your advisory agreement. In exercising our discretionary authority, we have the ability to determine the type and number of securities to be transacted and whether your purchase or sale should be combined (aggregated) with those of other clients and traded as a “block.”

Such discretion is to be exercised in a manner consistent with each client’s stated investment objectives, risk tolerance, and time horizon. In addition, our authority to trade securities may be limited in certain circumstances by applicable legal and regulatory requirements.

You are permitted to impose reasonable limitations on our discretionary authority, including restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be provided to us in writing.

Unless you specifically request in writing that we manage all or part of your account on a non-discretionary basis, when signing our advisory agreement, you authorize us to exercise full discretionary authority with respect to all investment transactions involving your account.

Pursuant to such agreement, we are designated as your attorney- in-fact with discretionary authority to effect investment transactions in your accounts, which authorizes us to give instructions to third parties in furtherance of such authority.

If you wish, you may limit our discretionary authority by, for example, setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer to the “Advisory Business” section in this Brochure for more information on our discretionary management services.

Voting Client Securities - Item 17

We do not have, nor do we accept the authority to vote for client securities for separately managed accounts for which our Firm is the investment manager or where we furnish sub-advisory services. Clients receive their proxies and other solicitations directly from their custodians.

Financial Information - Item 18

We are not aware of any circumstance that is reasonably likely to impair our ability to meet contractual commitments to you or our other clients. We do not require pre-payment of investment advisory fees of greater than \$1,200 and more than six months in advance.