Informational Brochure
(Part 2A and 2B, Form ADV)

Covestor Limited doing business as "Interactive Brokers Asset Management," "IB Asset Management" and "IBKR Asset Management"

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This brochure provides information about the qualifications and business practices of Covestor Ltd. If you have any questions about the contents of this brochure, please contact us at (866) 825-3005 or clientservices@ibkram.com. **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. This brochure is for informational purposes only. It does not convey an offer of any type and it is not intended to be, and should not be construed as, an offer to sell, or solicitation of an offer to buy, any interest in any entity, investment, or investment vehicle.**

Additional information about Covestor Ltd is available on the SEC's website at www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with Covestor who are registered as investment adviser representatives of Covestor. Covestor's registration as an investment adviser with the SEC does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information, which can help you determine whether to hire or retain an adviser.

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Part 2A: Brochure

Item 4: Advisory Business – Covestor Limited (“Covestor”)

Advisory Firm Background and Principal Owner

Covestor Limited (“Covestor Ltd” or “Covestor”) doing business as (“dba”) Interactive Brokers Asset Management, IB Asset Management and IBKR Asset Management, an investment adviser registered with the United States Securities and Exchange Commission (“SEC”), is a private limited company incorporated in the United Kingdom and established on May 15, 2006. Covestor Ltd is not registered to conduct investment advisory business in any jurisdiction outside the United States. Covestor Ltd is incorporated as a private limited company, but is not registered to provide investment management or advice in the United Kingdom or anywhere outside of the United States.

Covestor Ltd is owned by Covestor Inc., a privately held firm whose principal owner is Interactive Brokers Group, Inc. Interactive Brokers Group, Inc., together with its subsidiaries (the “Interactive Brokers Group”), is an automated global electronic broker and market maker. Interactive Brokers Group, Inc. is a Delaware corporation whose common stock is publicly traded on NASDAQ. Additional information about Interactive Brokers Group is available at https://www.interactivebrokers.com.

Our registration does not imply any level of skill or training. The oral and written communications we provide to you, including this brochure, are for you to evaluate us and our services, and to determine whether the advisory services Covestor offers are right for you and disclose the potential conflicts of interest associated with Covestor’s services.

Covestor primarily conducts its advisory business over the Internet under one of three business names, Interactive Brokers Asset Management, IB Asset Management and IBKR Asset Management, which are different than its legal name. The firm’s website is located at http://ibkram.com. Covestor will be referred to as “IBKRAM” throughout this brochure.

As of May 30, 2018, IBKRAM manages approximately $81.8 million in assets on a discretionary basis. IBKRAM does not manage assets on a non-discretionary basis.

Advisory Services

General Overview

IBKRAM offers an online investment platform through which its Clients can invest in two types of portfolios: (1) trading strategies managed by third-party portfolio managers (“Manager Portfolios”) and (2) proprietary investment portfolios designed and managed by IBKRAM itself (“IBKRAM Portfolios”). Covestor allows Clients to invest in these strategies by simultaneously mirroring or replicating the activity in a Manager- or IBKRAM-owned and managed account underlying the specific Portfolio into the investing Clients’ accounts.

Principal considerations for potential investors

IBKRAM's platform is a primarily online investment platform designed for investors who want to have access to a wide variety of investment choices, including but not limited to Smart Beta, asset allocation, index tracking, options and various actively-managed investment strategies, and investors who generally have a longer time horizon. Before opening an account with IBKRAM, clients should consider among other things: the costs and potential benefits of investing in such a platform that charges a management fee in addition to commissions charged separately by our affiliated broker-dealer, Interactive Brokers LLC; the need and desire for professional money management services; whether the client is comfortable granting investment discretion to an investment adviser like IBKRAM; the client's objectives, risk tolerance and time horizon; the client's financial circumstances; whether the client prefers an in-person rather than digital (online) and telephonic client experience; and whether the client can receive documents electronically. Before investing with IBKRAM or any other investment adviser, clients should consider paying off their high-interest debt and consider workplace savings options.

Distinction from traditional advisory services

Clients interested in using IBKRAM's services should be aware of the fact that IBKRAM provides its investment services primarily online, although it does make client support staff available for consultation as needed by Clients on servicing and investment management issues. Clients should be able and willing to conduct most of their interactions with IBKRAM using electronic methods. In the Investment Management Agreement they execute with IBKRAM, Clients agree to receive all documents, notices and updates electronically by email or through their access to the Firm's website accompanied by an email notice.

IBKRAM's risk scoring methodology

IBKRAM analyzes each strategy on the platform to determine a risk score for the associated Portfolio. IBKRAM then assigns a risk score between 1 (least risky) and 5 (most risky) to each Portfolio. The purpose of the risk score is to ensure that the Portfolio risk is in line with Client expectations and meets IBKRAM's fiduciary obligation to recommend suitable investments for Clients.

To ensure that IBKRAM Clients have access only to Portfolios that are suitable for their ability to take on risk and risk tolerance, IBKRAM profiles Clients using a risk questionnaire to ascertain their risk tolerance, using the same scale of 1 to 5. The client suitability questionnaire includes a variety of questions pertaining to the Client's risk tolerance and ability. IBKRAM matches up Clients' assigned risk scores with Portfolio risk scores in accordance with a proprietary risk scoring methodology, i.e., Clients may only invest in Portfolios with a risk score equal to or lower than their risk score. Clients can update their responses to the risk assessment questionnaire on IBKRAM's website at any time to reflect changes in their personal circumstances. Changes to these responses could result in a change in a Client's risk score and thus the Portfolios that the Client may be able to invest in. If a Client's updated risk score is lower than the risk score of any of his portfolio investments, IBKRAM will prompt the Client to invest in portfolios with risk scores consistent with the Client's new risk score and IBKRAM will divest the Client from the higher-risk-score portfolios after 30 days. IBKRAM provides clients with individual, password-protected, login credentials to its website, http://ibkram.com/ where Clients can view their holdings and account history as well as access other account-related documents.

IBKRAM provides detailed definitions of all portfolio and Client risk scores in the Help & Support section of its website. In 2017, IBKRAM revised its risk assessment/suitability questionnaire, which clients need to complete to invest in any IBKRAM portfolios. The risk assessment/suitability questionnaire takes into consideration clients' financial situation, annual net income, estimated liquid net worth, age, investing knowledge, investment horizon, tolerance for stock market drops, and attitude towards the trade-off between risk and return in connection with IBKRAM investments. IBKRAM calculates risk scores for clients based on clients' answers to this questionnaire. In determining the risk score of Clients investing in an IBKRAM portfolio through their existing investment advisor, IBKRAM will also take into account whether the Client's existing advisor is registered with the SEC or a state regulator and has confirmed that it will only invest its clients in portfolios suitable for the client based on the client's investment profile and the advisor's dealings with the client.

Based on the risk score assigned by IBKRAM, IBKRAM Clients may then invest in one or more of the Portfolios or strategies that have risk scores equal to or lower than the Client either on their own or with the assistance of IBKRAM's client service representatives (who are appropriately registered as Investment Adviser Representatives). IBKRAM does not take into account a Client's personal tax situation when recommending and managing portfolios. IBKRAM recommends that Clients consult with their tax advisor on such matters.

<u>IBKRAM's co-trading technology</u>

Once an IBKRAM Client invests in a specific strategy, IBKRAM simultaneously mirrors or replicates into investing Clients' accounts the activity in the Portfolio Manager or IBKRAM-owned and traded account underlying that Portfolio. To implement IBKRAM's service, Clients and Portfolio Managers enter into agreements with IBKRAM and a Customer Agreement with IBKRAM's affiliated broker-dealer Interactive Brokers LLC ("Broker-Dealer" or "Custodian" or "IB LLC") and have to open brokerage accounts with IB LLC.

A central piece of IBKRAM's trading process is IBKRAM's aggregation of all Portfolio Manager or IBKRAM trades (depending on whether the Portfolio is a Manager or IBKRAM Portfolio) and investing Client orders into a single order. To ensure pricing and execution fairness and prevent any potential front-running by Portfolio Managers or IBKRAM of Client trades following them, IBKRAM places a single order that combines the Portfolio Manager's (or IBKRAM's) order with the number of shares that need to be transacted in order to replicate the Manager's or IBKRAM's strategy into all investing Clients' accounts, a process referenced as "co-trading". IBKRAM then allocates the share to the Portfolio Manager (or IBKRAM) and Clients' accounts on a pro rata basis at the average share price with transaction costs shared pro rata.

<u>IBKRAM's trading rules and Client-specified investment restrictions</u>

IBKRAM <u>does not automatically replicate all trades</u> in the Portfolio Managers' or IBKRAM's accounts. For instance, IBKRAM Clients may specify that certain securities not be traded in their accounts, and IBKRAM will block trading in these securities even if a Manager (or IBKRAM) in whose Portfolio the Client invests trades the security. Additionally, IBKRAM may also disallow certain portfolio trades altogether or simply block them from replication or mirroring into Client accounts based on its trading rules. For instance, IBKRAM does not allow Manager or IBKRAM Portfolios to trade certain securities, including those with a market capitalization of less than $50 million or an average daily volume of less than $100,000. IBKRAM may also limit certain types of trading (like short positions, leverage, or option trading) if inconsistent with a Portfolio's assigned risk score (unless and until the Portfolio is assigned an appropriately higher risk score and clients have the opportunity to determine if they are comfortable with the increased risk score). Trades that violate any of IBKRAM's trading rules are blocked from replication in Client accounts.

Portfolio Manager Strategies

Manager Portfolio strategies generally simultaneously replicate (mirror) the trading by third-party Portfolio Managers. IBKRAM assigns risks scores to the Portfolio Manager strategies on its platform and allows IBKRAM Clients with commensurate risk scores to invest in those strategies.

Managers on the IBKRAM platform may be either registered investment advisors or advisors exempt from registration. Registered Portfolio Managers must be federal or state-registered investment advisers, including hedge fund managers. While Non-Registered Portfolio Managers may be hedge fund managers exempt from registration, IBKRAM only allows such Non-Registered Portfolio Managers meeting certain trading experience and portfolio size criteria to participate. Portfolio Managers participating on the IBKRAM platform represent to IBKRAM that they are appropriately registered or licensed or exempt from such licensing or registration requirements in light of the business they conduct both on and outside the IBKRAM platform. Portfolio Managers registered as investment advisers with the SEC or a U.S. state also confirm to IBKRAM they are in good standing, will provide their current Form ADV 2A and 2B filing to IBKRAM, and they and their access persons comply with all applicable regulatory requirements. Portfolio Managers must also notify IBKRAM of changes in their registration or regulatory status. At this time, only registered Portfolio Managers participate on the IBKRAM platform.

Portfolio Managers share their personal investment history by providing IBKRAM with access to their trade data in an IB LLC brokerage account in real-time through a data feed. Managers deploy their investment strategy by trading in that IB LLC brokerage account, which is owned by the Managers or their firm.

Portfolio Managers license their portfolio holdings and trading record ("Historical Trade Data") to IBKRAM for publication and analysis. Historical Trade Data provided by Portfolio Managers may be related to the Manager's trading in client, model (based on aggregate performance of all client assets invested in a given strategy) and/or proprietary accounts. Some Managers also provide additional content including their investment strategy, profile, portfolio market reports and analysis. (Collectively, this additional content along with Historical Trade Data are referred to as "Manager Content.") Managers may run multiple Portfolios on the IBKRAM platform**.** All Manager Content represents the opinions of that Manager, should not be construed as personalized investment advice to you or any other IBKRAM Client, and is subject to change without notice.

IBKRAM generally offers the following services to its Clients in connection with Portfolio Manager strategies on the platform:

- It screens, selects, and assesses the riskiness of Portfolio Manager strategies;
- It assesses the risk tolerance of Clients by assigning them a risk score based on responses to a risk assessment questionnaire;

- It allows Clients to invest in (by following the trading) in a Portfolio Manager strategy that is in line with (i.e., a risk score equal to or lower than) their assigned risk score;
- It replicates the trades in the Portfolio Manager account into the accounts of investing Clients, while retaining the discretion to block certain manager trades that violate IBKRAM's present trading rules or are subject to investment restrictions specified by Clients;
- It corrects any discrepancies between the expected positions in Client accounts based on their portfolio investments and the actual positions in Client accounts after the replication process by executing small trades in Client accounts; and
- It reevaluates the risk scores assigned to Portfolio Manager strategies (at least annually) and prompts Clients to review their answers to the risk assessment questionnaire (at least quarterly) to ensure Clients are invested in strategies suitable for their risk appetite and ability to withstand investment losses. At least annually, IBKRAM also attempts to contact all clients to determine whether there have been any changes in their financial situation or investment objectives warranting a revision of their prior answers to the risk assessment questionnaire and whether they want to impose new or revise existing restrictions on the trading of their account. Additional detail on this annual update mechanism is available in Item 13 below.

IBKRAM's Clients do not invest directly with the Portfolio Managers and the Managers do not have any authority over Client assets or discretionary trading authority over IBKRAM Client accounts. The Portfolio Managers simply license their trade data to IBKRAM, which then allows its Clients to have IBKRAM mirror the same strategy and trading decisions in their accounts. Portfolio Managers implement their trading philosophy and strategy without knowing the identity of IBKRAM's clients or taking into account IBKRAM clients' individualized circumstances. IBKRAM's offering of Portfolio Managers' strategies to its Clients does not imply that these strategies have been tested elsewhere, or have been successful for the manager's clients or the manager himself. IBKRAM may display to Clients a Manager's Historical Trade Data if available.

Portfolio Manager strategies may become unavailable

Additionally, Portfolio Managers may decide to no longer make their trading data available to IBKRAM and terminate their participation on the platform. Should that occur, IBKRAM will inform Clients investing in those portfolios that the portfolio is no longer available and Clients need to invest in different portfolios or convert their existing investments in such portfolio into cash. IBKRAM will provide Clients with as much advance notice as practicable, but Clients should be aware that IBKRAM depends on the Portfolio Managers to provide it with advance notice of such decisions.

IBKRAM Portfolios

In addition to Portfolio Manager strategies, IBKRAM allows its clients to invest in certain portfolios that IBKRAM itself constructs and manages. These portfolios (referred throughout this Brochure as "IBKRAM Portfolios") are proprietary investment portfolios designed and managed by IBKRAM itself. At this time, these in-house constructed portfolios include the Smart Beta Portfolios, the Asset Allocation Portfolios, and the Index-Tracking Portfolios. IBKRAM may launch additional in-house portfolios in the future and will update this disclosure as needed to discuss their features and associated risks.

To provide all IBKRAM Portfolios, IBKRAM initially funds and trades a fixed amount of its funds in separate proprietary brokerage accounts associated with each portfolio. After the initial investments, IBKRAM reserves the discretion to add additional funds to the initial investment amounts in order to manage these firm-owned accounts with a higher investment amount and more efficiently manage investments in these portfolios. IBKRAM then replicates the trading in these proprietary brokerage accounts in the accounts of Clients investing in that specific portfolio in order to implement its mirroring procedures. Subsequently, any quarterly rebalancing trades placed by IBKRAM in the IBKRAM Portfolios are proportionally replicated in Client accounts investing in one or more of these portfolios via IBKRAM's co-trading technology.

At least annually, IBKRAM will contact clients to determine whether there have been any changes in their financial situation or investment objectives and whether clients want to impose new or revise existing restrictions on the trading in their accounts. Also, at least quarterly, IBKRAM will notify clients who have invested in one or more IBKRAM Portfolios in writing to contact it if there have been any changes in their financial situation or investment objectives or they wish to impose any restrictions on the trading in their account. Clients will receive periodic statements and trade confirmations setting forth all transactions in their accounts, all contributions and withdrawals, all fees and expenses charged, and the value of their account at the beginning and end of the period, including any fractional share holdings and transactions from IBKRAM's affiliated broker-dealer IB LLC. IBKRAM's client service representatives are available to discuss and explain investment decisions made for their IBKRAM Portfolio investments and may be contacted by telephone at 1-866-825-3005 and by email at support@ibkram.com.

Smart Beta Portfolios

At this time, IBKRAM offers 10 Smart Beta Portfolios. Each Smart Beta portfolio seeks, as its investment objective, to achieve total returns that exceed the total returns of certain market-capitalization-weighted indices, such as the S&P 500, by relying on systematic rules-based investment strategies that do not use conventional market capitalization weights. They are designed to provide systematic exposure to a fundamental factor or combination of factors, and employ alternative weighting schemes based on measures such as value, growth, quality, and dividend yield. Prior to investing in any Smart Beta Portfolio, Clients are prompted and required to review and acknowledge a separate risk disclosure specifically laying out the risks and conflicts of interest associated with these portfolios, the applicable fees and commissions, and the brokerage arrangements involved.

IBKRAM offers the following 10 Smart Beta portfolios at this time. In the future, IBKRAM may construct and offer to its Clients other Smart Beta portfolios than those offered at this time.

The **Value Portfolio** (**VAL.IB™)** targets an allocation of 300 long positions, with stocks having attractive valuation ratios receiving higher allocations, and both trailing and forward price-earnings valuation ratios being considered when determining allocations. This contrarian approach to stock selection allows the **Value Portfolio** to allocate capital to companies that may be out of favor with the market, but poised for recovery. The **Value Portfolio** has a significant element of broad equity market risk, and is therefore exposed to stock market volatility and drawdowns. Due to this portfolio's focus on value stocks, it will likely suffer greater losses if this segment of the market underperforms.

The **Growth Portfolio (GRO.IB™**) targets an allocation of 300 long positions, with stocks having attractive growth ratios receiving higher allocations, and both trailing and forward earnings growth measures being considered when determining allocations. Even if a company reports better than expected past results, the guidance given during the quarter is also important and considered by IBKRAM in determining attractiveness of the stock. The **Growth Portfolio** has a significant element of broad equity market risk and is therefore exposed to stock market volatility and drawdowns. Due to this portfolio's focus on growth stocks, it will likely suffer greater losses if this segment of the market underperforms.

The **Quality Portfolio** (**QAL.IB™)** targets an allocation of 300 long positions, with stocks having attractive quality ratios receiving higher allocations, and return on assets and other earnings quality measures being considered when determining allocations. This portfolio seeks securities with strong fundamentals that are not excessively overvalued. The **Quality Portfolio** has a significant element of broad equity market risk, and is therefore exposed to stock market volatility and drawdowns. Due to this portfolio's focus on quality stocks, it will likely suffer greater losses if this segment of the market underperforms.

The **Dividend Portfolio** (**DIV.IB™)** targets an allocation of 300 long positions, with stocks having attractive dividend yields and stable payouts receiving higher allocations. This ensures that future dividend payouts are less likely to be at risk. One advantage of this portfolio is that it offers investors a stream of dividend income while also providing the potential for longer-term attractive returns.

The **Broad Market Portfolio (BRM.IB™)** targets an allocation of 1,000 long positions, with allocations being a blend of equal and capitalization weight. Because of the equal weight component, the portfolio has a larger proportion of smaller companies compared to a portfolio that is purely capitalization-weighted. During rebalancing of this portfolio, IBKRAM tends to buy securities that have shown relative decline in value, and sell securities that that have shown relative increase in value. The portfolio is therefore less prone to having concentration in bubble stocks that have experienced dramatic price appreciation. The **Broad Market Portfolio** has a significant element of broad equity market risk, and is therefore exposed to stock market volatility and drawdowns. Due this portfolio's use of half equal weighting, it will likely underperform if small-, mid-cap or value stocks underperform.

IBKRAM also offers small-capitalization company versions of the above five portfolios: **smVAL.IB™**, **smGRO.IB™**, **smQAL.IB™**, **smDIV.IB™**, and **smBRM.IB™**.

Prior to investing in any Smart Beta Portfolio, Clients are prompted and required to review and acknowledge a separate risk disclosure specifically laying out the risks and conflicts of interest associated with these portfolios, the applicable fees and commissions, and the brokerage arrangements involved. Clients can find additional information on IBKRAM's Smart Beta Portfolio construction process, actual trading results, and other disclosures regarding these portfolios on the IBKRAM website, including a risk disclosure document on the Forms & Agreements page at http://ibkram.com.

Information on the general features of the Smart Beta portfolios may be found on the landing page for these portfolios at: http://ibkram.com/smartbeta

Asset Allocation Portfolios

At this time, IBKRAM offers 6 Asset Allocation Portfolios. Each Asset Allocation portfolio seeks, as its investment objective, to achieve growth as well as stability by combining different asset classes. IBKRAM tries to combine different asset classes in each portfolio to provide income, growth and stability during different economic conditions while taking into account the various asset classes' historical performance. These portfolios allocate capital to an equity component, a bond component and an inflation-hedging component. Together these deliver good diversification, which leads to risk reduction and return stability. The capital allocation to each of these asset classes is dialed up or down depending on the targeted risk level. These portfolios' final allocations depend on the targeted level of risk, as well as on whether the capital is held in a tax-advantaged account like an IRA.

IBKRAM offers three different types of Asset Allocation portfolios, which IBKRAM recommends to Clients based on their responses to the risk questionnaire. Depending on the risk score IBKRAM assigns to them based on their answers to a risk questionnaire, clients will be able to invest in a **Conservative** (minimum risk score: 1), **Moderate** (minimum risk score: 2) or **Aggressive** (minimum risk score: 3) Asset Allocation portfolio. Furthermore, these three types of portfolios are managed differently depending on whether a client wants to invest a retirement savings type account (IRA accounts) or a non-retirement investment account. These portfolios bear the following names: **AGG.IB™** (Aggressive portfolio for a regular account), **AGGIRA.IB™** (Aggressive portfolio for an IRA account), **MOD.IB™** (Moderate portfolio for a regular account), **MODIRA.IB™** (Moderate portfolio for an IRA account), **CNS.IB™** (Conservative Portfolio for a regular account), and **CNSIRA.IB™** (Conservative portfolio for an IRA account).

The Asset Allocation portfolios generally invest in 10-14 Exchange Traded Funds ("ETFs"). IBKRAM generally selects the ETFs in each Asset Allocation Portfolio to best represent the target asset class while having relatively low management fees and being relatively liquid.

Prior to investing in any Asset Allocation Portfolio, Clients are prompted and required to review and acknowledge a separate risk disclosure specifically laying out the risks and conflicts of interest associated with these portfolios, the applicable fees and commissions, and the brokerage arrangements involved. Clients can find additional information on IBKRAM's Asset Management Portfolio construction process, actual trading results, and other disclosures regarding these portfolios on the IBKRAM website, including a risk disclosure document on the Forms & Agreements page at http://ibkram.com.

In the near future, IBKRAM will offer and Clients may decide to select a tax loss harvesting feature for their investments in Asset Allocation Portfolios. Clients should carefully review the disclosures IBKRAM will provide in connection with the tax loss harvesting feature before deciding to use it for IBKRAM's management of their investments in the Asset Allocation Portfolios.

Information on the general features of the Asset Allocation portfolios may be found on the landing page for these portfolios at: http://ibkram.com/asset-allocation

Index Tracking Portfolios

At this time, IBKRAM offers 13 Index Tracking Portfolios. Each Index Tracking portfolio is designed to follow certain predefined rules so that the portfolio can track the specified basket of underlying investments of the reference index. Each of the Index Tracking Portfolios aims to track the performance of the underlying basket of the index, and is a form of passive investing. IBKRAM constructs and manages the Index Tracking Portfolios based on data provided by the FTSE International Limited ("FTSE") and the Frank Russell Company ("Russell") under licensing agreements. The goal of these portfolios is to allow investors to track the performance of certain specified portions of the US Stock market as represented by the reference index.

While based on data provided by the above two index providers who calculate the indices these portfolios seek to track, the Index Tracking Portfolios are not in any way sponsored, endorsed, sold, promoted or recommended by these two index providers. Additionally, while these portfolios aim to track each corresponding reference index as closely as possible and mimic the performance of that index, IBKRAM cannot make any guarantee that these portfolios will succeed in doing so.

At this time, IBKRAM offers the following Index Tracking Portfolios:

1. **The FTSE NAREIT All Equity REITs Managed Portfolio** seeks to invest in the real estate space across the US economy with exposure to all investment and property sectors. The portfolio contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet certain minimum size and liquidity criteria.
2. **The Russell 1000 Consumer Discretionary Managed Portfolio** invests in stocks of companies that provide goods and services that consumers purchase on a discretionary basis. The portfolio targets long U.S Consumer discretionary equities within the Russell 1000® Index.
3. **The Russell 1000 Consumer Staples Managed Portfolio** invests in stocks of companies providing direct-to-consumer products that, based on consumer spending habits, are considered nondiscretionary. The portfolio targets long U.S Consumer Staple equities within the Russell 1000® Index.
4. **The Russell 1000 Dividend Growth Managed Portfolio** seeks to invest in the top large-capitalization U.S. dividend equities within the Russell 1000® Index. The portfolio targets companies that have successfully increased their dividend payments over a period of ten years within the Russell 1000® Index. Companies are screened for liquidity and dividend status, then selected and equal weighted subject to a maximum individual sector weight of 30%.
5. **The Russell 1000 Energy Managed Portfolio** invests in stocks of companies involved in the exploration and production of energy products such as oil, natural gas, and coal. The portfolio targets long U.S Energy equities within the Russell 1000® Index.
6. **The Russell 1000 Financial Services Managed Portfolio** invests in stocks of companies that provide financial services. The portfolio targets long U.S Financial Services equities within the Russell 1000® Index.
7. **The Russell 1000 Healthcare Managed Portfolio** includes stocks of companies involved in providing medical or health care products, services, technology, or equipment. The portfolio targets long U.S Healthcare equities within the Russell 1000® Index.
8. **The Russell 1000 Materials & Processing Managed Portfolio** includes stocks of companies that extract or process raw materials. The portfolio targets long U.S Materials and Processing equities within the Russell 1000® Index.
9. **The Russell 1000 Producer Durables Managed Portfolio** includes stocks of companies that manufacture products and provide services that consumers purchase on a discretionary basis. The portfolio targets long U.S Producer Durables equities within the Russell 1000® Index.

10. **The Russell 1000 Technology Managed Portfolio** includes stocks of companies that serve the electronics and computer industries or that manufacture products based on the latest applied science. The portfolio targets long U.S Technology equities within the Russell 1000® Index.
11. **The Russell 1000 Utilities Managed Portfolio** includes stocks of companies that distribute electricity, water, or gas, or that operate as independent power producers. The portfolio targets long U.S Utility equities within the Russell 1000® Index.
12. **The Russell 3000 Dividend Growth Managed Portfolio** seeks to invest in the top U.S. dividend equities within the Russell 3000® Index. The portfolio targets companies that that have successfully increased their dividend payments over a period of ten years within the Russell 3000® Index. Companies are screened for liquidity and dividend status, then selected and equal weighted subject to a maximum individual sector weight of 30%.
13. **The Russell Top 200 Managed Portfolio** seeks to invest in the top 200 large-capitalization U.S. equities. The portfolio targets 200 long positions based on the Russell Top 200 Index. The Russell Top 200® Index is a market capitalization weighted index of the largest 200 companies in the Russell 3000 Index.

Additional information about each of the Index Tracking portfolios, including fact sheets provided by the index providers may be viewed on the individual portfolio pages on our website at: ibkram.com

Prior to investing in any Index Tracking Portfolio, Clients are prompted and required to review and acknowledge a separate risk disclosure specifically laying out the risks and conflicts of interest associated with these portfolios, the applicable fees and commissions, and the brokerage arrangements involved. Clients can find additional information on IBKRAM's Index Tracking Portfolio construction process, actual trading results, and other disclosures regarding these portfolios on the IBKRAM website, including a risk disclosure document on the Forms & Agreements page at http://ibkram.com.

Information on the general features of the Index Tracking portfolios may be found on the landing page for these portfolios at: http://ibkram.com/index-tracker

IBKRAM Portfolios may become unavailable

For various reasons, IBKRAM may decide to no longer offer one or more of the IBKRAM Portfolios. Should that occur, IBKRAM will inform Clients investing in those portfolios that the portfolio is no longer available and Clients need to invest in different portfolios or convert their existing investments in such portfolio into cash. IBKRAM will provide Clients with as much advance notice as practicable under these circumstances but no less than 30 days.

IBKRAM Clients and the Investment Management Agreement

Clients must enter into one or more written agreements with IBKRAM setting forth the terms and conditions under which IBKRAM shall render its services (the "Investment Management Agreement" or "Client Agreement") before they engage IBKRAM to provide its investment management services. This agreement provides IBKRAM with discretionary authority to initiate investment activities on behalf of the Client over the Client's investment assets. A copy of IBKRAM's form Client Agreement is available upon request, as well as via the http://ibkram.com (in the Forms and Agreements section). Pursuant to that agreement, IBKRAM uses its related custodian's trading facilities to mirror or replicate trades in Portfolio Manager or IBKRAM's Portfolio accounts into the investing Clients' accounts. IBKRAM uses its affiliated broker-dealer, IB LLC, to execute all trades on its platform.

Unless otherwise agreed upon, Clients are provided with transaction confirmation notices and regular summary account statements directly from IB LLC for their accounts. Clients also receive online access to account activity reports from IBKRAM that include relevant account and/or market-related information such as an inventory of account holdings and account performance on a daily basis. Clients are also provided with monthly updates of account balances and performance. However, Clients should review the information in their custodial statements for accuracy and compare that information to any report they receive from IBKRAM.

As of March 21, 2018, IBKRAM manages approximately $81.8 million on a discretionary basis. Clients should be aware that a significant shareholder of Interactive Brokers Group, Inc. is a significant client of IBKRAM.

Termination of the Investment Management Agreement

The agreement between IBKRAM and the Client will continue in effect until terminated by either party pursuant to the terms of that agreement. Clients receive a copy of IBKRAM's written disclosure statement (i.e., this document) at the time they execute the Client Agreement.

No Guaranteed Availability of Portfolios

Portfolio Managers can close a Portfolio upon providing a 30-day notice to IBKRAM at any time. When a closure occurs, IBKRAM will attempt to provide Clients with a selection of Portfolios with similar strategies wherever possible. We cannot ensure that any comparable Portfolios will be available, and, whether or not alternative portfolios exist. IBKRAM may also decide to stop offering or managing any of the IBKRAM Portfolios after providing notice to Clients invested in one of those portfolios. Clients are under no obligation to maintain an account or, if they maintain an account, to invest in any Portfolios. Please note that, after the closure of a portfolio, you could choose to maintain the investments in that closing portfolio in an IB LLC brokerage account distinct from the one managed by IBKRAM or an external brokerage account outside of IB LLC, but you will be responsible for managing those investments yourself, including periodically rebalancing the assets. Please note that, if you choose to remain invested with IBKRAM after the closure of a portfolio, you will incur transaction fees in connection with liquidating your investment in a closed portfolio and investing in a new portfolio. You may also incur federal and state tax liabilities if liquidation results in long and/or short-term gains.

IBKRAM Websites

The content of the IBKRAM website at ibkram.com including Manager Content, performance analysis and rankings is provided as general and impersonalized investment information and commentary, and does not constitute a specific recommendation or solicitation that anyone should purchase or sell any particular security, investment advisory service or portfolio. IBKRAM relies on information provided to it by Portfolio Managers and certain third parties in publishing Manager Content for the websites, and also provides internally-generated content. IBKRAM obtains Manager Content from sources believed to be reliable, but makes no representation as to the accuracy or completeness.

Item 5: Fees and Compensation

Advisory Fees

If a Client engages IBKRAM to provide investment management services, IBKRAM shall do so on a fee basis. For Manager Portfolios, IBKRAM retains 0.25% of any Management Fees charged to its Clients and pays any remaining Management Fees collected from Clients to the Portfolio Managers. Because IBKRAM staff have constructed and manage the IBKRAM Portfolios (e.g., Smart Beta and Asset Allocation Portfolios) without any involvement on the part of third-party Portfolio Managers, IBKRAM retains the entire fee charged to its Clients for investments in these portfolios and does not pay any portion of this fee to any Portfolio Managers. For the Index Tracking Portfolios, IBKRAM remits half of the 0.2% annual management fee collected from investing clients to FTSE International Limited or the Frank Russell Company, the index providers licensing data to IBKRAM necessary to construct and rebalance these portfolios.

For the initial month of investment management services, the first month's fees shall be calculated on a pro rata basis. IBKRAM's fee shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the Client, as appropriate, in a timely manner.

Unlike other robo advisor portfolio offerings, which charge a single wrap fee, which includes management fees and brokerage commissions, IBKRAM’s management or advisory fee does not include the commissions associated with the trading in these portfolios. IBKRAM’s affiliated broker-dealer, IB LLC will charge you commissions on all trades in your account. Thus, IBKRAM’s fees only cover its investment advisory services and do not include brokerage commissions, custodial fees, transaction fees, exchange fees or other related costs and expenses incurred for the investment of Client assets through IBKRAM.

All fees paid to IBKRAM for its investment advisory services are also separate, distinct and in addition to any fees and expenses charged by mutual funds, REITs or in conjunction with internal expenses associated with ETFs. ETF issuers charge management fees and expenses, which are disclosed in the ETFs’ prospectuses. Clients will be solely responsible, directly or indirectly, for these additional expenses. IBKRAM does not receive any portion of these commissions, fees, or costs, including but not limited to the fees or costs charged by ETF sponsors or issuers. Clients may contact IBKRAM at any time to get information on the fees and expenses charged by the ETFs in which they are invested through their investment in one or more of the IBKRAM Portfolios or Manager Portfolios. Clients are directed to review Item 12: Brokerage Practices, found later in this brochure.

In addition to the above fees, there may be other costs assessed to clients that are not included in IBKRAM’s management fees, such as costs associated with exchanging currencies, wire transfer fees or other fees required by law.

IBKRAM automatically deducts its management fees from Client’s accounts, as authorized in the Client Agreement, using IB LLC’s invoice billing process. IBKRAM calculates the fees owed to it by each Client every month and submits the invoice to IB LLC. IB LLC debits those fees from client accounts and pays them to IBKRAM if in accordance with the Client's instruction to IB LLC to pay advisory fees in the amount invoiced by IBKRAM. The fees calculated and invoiced by IBKRAM must be in accordance with the level of fees outlined for the various portfolios in the Client Agreement and at http://site.ibkram.com/help/costs. IBKRAM does not charge its Clients fees in advance. Additional details on how IBKRAM calculates the fees due to it by Clients investing in any of its portfolios are included in Appendix A of the Investment Management Agreement all clients agree to before retaining IBKRAM as their investment advisor.

All fees are calculated based on Portfolio values determined from data provided by IB LLC, IBKRAM's affiliated broker-dealer and custodian. IB LLC uses pricing data from independent third parties (SIX Financial, aka Telekurs for U.S. stocks and ETFs, and the Options Clearing Corporations for U.S. options) to arrive at the asset pricing information used by IBKRAM to derive Portfolios values for purposes of its management fee calculations.

No persons at IBKRAM or any supervised persons or representatives of IBKRAM accept compensation or commissions for the sale of securities or other investment products (e.g., asset-based sales charges or service fees from the sale of mutual funds).

IBKRAM's advisory fees shall be calculated on the following basis:

1. Annual Management Fees

If engaged, IBKRAM charges an annual fee based upon a percentage of the market value of the assets being managed by IBKRAM, i.e., the assets that a Client chooses to invest in a Manager Portfolio ("Management Fee").

Clients are able to invest in more than one portfolio available on ibkram.com. IBKRAM charges distinct Management Fees for investments in each portfolio. If Clients choose to invest in multiple portfolios, they will be charged the sum of the fees associated with each portfolio they invest in. Management Fees vary by Portfolio chosen and the level of assets invested in that Portfolio. No Management Fees are charged on assets that are not invested in a Portfolio.

1. **For third-party Portfolio Manager strategies, IBKRAM's Management Fee consists of an annual management fee, quoted as an annual percentage of the market value of Client assets invested in a Manager Portfolio. Generally, this fee will range between 0.25% and 1.5% of the market value of Client assets invested in each Portfolio.**

    a. The Management Fee charged by Covestor for investments in each of the Portfolio Manager strategies may be found on the portfolio page on our website at ibkram.com

    b. Clients may be able to contract directly with the Portfolio Managers offering their strategies on the IBKRAM platform to obtain their advisory services outside of the platform at lower fees than they pay to IBKRAM.

2. **For the IBKRAM Portfolios, IBKRAM charges investing clients an annual Management Fee ranging between 0.08% and 0.20% of the market value of Client assets invested in one or**

more portfolios. The fee varies by the type of IBKRAM Portfolio a Client investments in. For example:

a. **For the Smart Beta Portfolios, IBKRAM charges investing clients an annual Management Fee of 0.08% (8 basis points) of the market value of Client assets invested in one or multiple Smart Beta Portfolios.**

b. **For the Asset Allocation Portfolios, IBKRAM charges investing clients an annual Management Fee amounting to 0.09% (9 basis points) of the market value of Client assets invested in one or multiple Asset Allocation Portfolios.**

   i. As explained above, ETF issuers charge management fees and expenses, which are disclosed in the ETFs' prospectuses. Clients will be solely responsible, directly or indirectly, for these additional expenses. IBKRAM does not receive any portion of these commissions, fees, or costs, including but not limited to the fees or costs charged by ETF sponsors or issuers. Clients may contact IBKRAM at any time to get information on the fees and expenses charged by the ETFs in which they are invested through their investment in one or more of the IBKRAM Portfolios or Manager Portfolios.

c. **For the Index Tracking Portfolios, IBKRAM charges investing clients an annual Management Fee amounting to 0.2% (20 basis points) of the market value of Client assets invested in one or multiple Index Tracking Portfolios.**

3. IBKRAM's Management Fee shall be computed daily but prorated and charged monthly, in arrears or retroactively for the previous month (or in connection with a withdrawal from a portfolio), based upon the daily market value of invested assets during the previous month. Thus, on a daily basis, the applicable fee rate associated with each Portfolio in which a Client has invested will be applied to the end-of-day market value of the Client's investment (i.e., assets in client account invested) into that Portfolio, with the resulting amount divided by 365. For purposes of calculating IBKRAM's Management Fee, the value of the investment will be the value on the day the fee is calculated (i.e., the initial value of the assets initially invested by the Client in the strategy and all intervening additions to or subtractions from that up to the date the fee is calculated). At the end of each month, the Client is charged a Management Fee made up of the sum of all daily fees calculated during that month for each investment.

4. The market value of an investment for purposes of calculating the Management Fee that a Client owes to IBKRAM is calculated based on data provided by IB LLC, IBKRAM's affiliated broker-dealer and custodian. IB LLC uses pricing data from independent third parties (SIX Financial, aka Telekurs for U.S. stocks and ETFs, and the Options Clearing Corporations for U.S. options) to arrive at the asset pricing information used by IBKRAM to derive Portfolios values for purposes of its management fee calculations.

5. IB LLC will charge you commissions on all trades in your account. Generally, for transactions in portfolios managed by third-party Portfolio Managers, IB charges IBKRAM clients commissions of $0.0035 per share, with exchange, regulatory and clearing fees charged separately. (This is subject to a minimum per order commission of $0.35 and a maximum of 0.5% of the value of the trade.) For transactions in IBKRAM Portfolios (e.g., Smart Beta, Asset Allocation, and Index Tracking Portfolios) IB LLC offers IBKRAM clients a modified tiered commission structure, which we believe will facilitate efficient investing. Under this structure, IB charges $0.0035 in commissions based on the whole "basket" of securities in a client's IBKRAM Portfolio investment. Generally, for IBKRAM Portfolio trades, IB charges a minimum commission equal to the lower of $5 or 0.05% of trade value per client account, if more than the standard tiered commissions charge of $0.0035 per aggregated shares in the client basket. IB LLC caps commissions on IBKRAM Portfolios at 0.5% of the value of the basket trade.

  a. The brokerage fees will vary depending on the amount you choose to invest in a portfolio and the specific IBKRAM Portfolio you invest in. IB LLC commissions are also discussed in detail in Item 12: Brokerage Practices. You may also find additional information on IB LLC's commissions on the IBKRAM and IB LLC websites.

6. Under certain circumstances, IB LLC will charge you a minimum monthly commission charge of up to $10. Specifically, whenever the overall monthly commissions paid by all IBKRAM client accounts do not amount to at least $10 in commissions per account per month, IB LLC will collectively charge IBKRAM clients any difference between the actual commissions and the $10 minimum, on a pro rata basis.

7. In addition to the advisory fees you pay to IBKRAM and the commissions you pay to IB LLC, you will be charged other fees and expenses by third parties - for instance, the issuer of an ETF will charge you management fees. This means that you will pay more than if you purchased the ETFs directly. ETFs typically include certain embedded expenses that reduce the fund's net asset value, and indirectly the performance of your investment in a portfolio investing in ETFs. The embedded expenses of an ETF include ETF management fees, custodian fees, brokerage commissions, and legal and accounting fees. These expenses may change from time to time at the sole discretion of the ETF issuer. Please note that IBKRAM does not benefit either directly or indirectly from these fees.

IBKRAM, in its sole discretion, may waive its portion of the Management Fee or charge a lower Management Fee based upon certain criteria including but not limited to: the initial launch of a service line, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing Client, account retention, and pro bono activities. IBKRAM's fees are not generally negotiable by individual Clients. The fees applicable to each Manager Portfolio available on the platform are generally negotiated between IBKRAM and the Portfolio Manager offering the specific strategy.

2. *Performance-Based Fees Charged to Qualified Clients*

IBKRAM does not charge Performance-Based Fees to clients investing in any IBKRAM Portfolios (e.g., the Smart Beta, Asset Allocation and Index Tracking Portfolios).

But for some investment strategies offered by certain Portfolio Managers, the standard fee schedule includes both:

- A Management Fee ranging from 0.25% to 1.50% of the market value of the Client assets invested in each Portfolio (having the same characteristics discussed above), and

- A performance-based fee ranging from 2% to 12% of the net positive performance of a Client's investment in the specific Portfolio ("Performance Fee").

Only Qualified Clients may invest in Portfolios that charge Performance Fees. IBKRAM uses an online Qualified Client affirmation process to assess whether a specific Client is a qualified client under the applicable SEC rule.

If applicable, Performance Fees are calculated on a quarterly basis for each Portfolio investment. The applicable Performance Fee rate is applied to any gains over the period after Management Fees have been subtracted. A hurdle or gate requirement applies to certain Portfolios before a Performance Fee may be charged. For those Portfolios, Performance Fees are only charged once the hurdle rate or gate requirement is satisfied and Performance Fees are only charged if gains on the Portfolio for the quarter result in investment value exceeding the investment high water mark. The high watermark is a record of the highest value the investment has achieved since inception and is designed to ensure Performance Fees are only paid on new gains. The high water mark is determined at the Client account level. The final Performance Fee payable is calculated as the Performance Fee rate multiplied by gains over the higher of the gate value or the high water mark. Clients may see whether the specific portfolio they would like to invest in charges a Performance Fee on the individual portfolio webpage.

Clients may pay a different Performance Fee than other Clients investing in the same Portfolio depending on the timing of their investment in the Portfolio, the high water mark and other factors.

In the case of Portfolios charging both a Management Fee and a Performance Fee, IBKRAM retains a 0.25% Management Fee and 2% Performance Fee, and pays any remaining amount of the Management and Performance Fees collected from Clients to the Portfolio Managers.

At this time, IBKRAM only offers one Manager Portfolio charging the performance-based fees outlined in this section.

Item 6: Performance-Based Fees and Side-by-Side Management of Client Accounts

Performance-Based Fees

IBKRAM's Clients may include "Qualified Clients." Such Qualified Clients, as defined by Rule 205-3 of the Investment Advisers Act of 1940, may invest in portfolios that charge performance fees. Qualified Clients must invest a minimum of $1,000,000 with IBKRAM, unless they meet the Rule's net worth requirement as follows:

- In the case of a natural person, at the time of entering into a Client Agreement with IBKRAM, at least $1,000,000 under management with IBKRAM **or** a net worth (together with assets held jointly with the Client's spouse, if applicable) in excess of $2,100,000, excluding the value of the Client's primary residence (debt secured by the Client's primary residence may not be included as a liability, but debt secured by the Client's primary residence in excess of its estimated fair market value must be included as a liability); or

- In the case of a company, at the time of entering into a Client Agreement with IBKRAM, at least $1,000,000 under management with IBKRAM **or** a net worth in excess of $2,100,000.

As only Qualified Clients may invest in Portfolios that charge Performance Fees, IBKRAM uses a Qualified Client affirmation process to assess whether a specific Client is a qualified client under the applicable SEC rule.

Side by Side Management

As noted above, IBKRAM charges Performance Fees (i.e., fees based on a share of capital gains on or capital appreciation of a client's assets) for some portfolios available for investment on its platform. Portfolio Managers and other investment personnel may have responsibility for Client accounts with Performance Fees, as well as for accounts with asset-based fees. Strong investment returns increase the Performance Fee paid to IBKRAM as a firm and the compensation paid to the Portfolio Manager. As a result, IBKRAM has an incentive, particularly in the case of hedge funds, to favor an account with a Performance Fee.

Historically, IBKRAM has offered a relatively small number of portfolios for which it charged Performance Fees. The following sections describe how IBKRAM manages this and other conflicts relating to the side-by-side management of Client accounts. At this time, IBKRAM only offers one Manager Portfolio charging Performance Fees.

Many of IBKRAM's Portfolio Managers may utilize and offer more than one investment strategy on the IBKRAM platform. Those strategies could differ based on an array of factors such as issuer concentration levels, average market capitalization ranges, duration, sector or subsector concentrations, geographic concentrations, tax considerations, cash flows, benchmarks, risk profiles, liquidity needs, time horizons and turnover expectations. Accounts within the same investment strategy could also differ as a result of Client contributions and withdrawals, market constraints or other factors. Even within a single investment strategy, Client accounts may be customized to meet Clients' specific requirements. For example, a particular Client account may be unable to invest in a particular stock. These ticker or securities restrictions are specified by each Client. This description of potential differences among a Portfolio Manager's investment strategies and Client accounts is not meant to be exhaustive. Rather, we want to illustrate that we expect that individual Portfolio Managers may make different investment decisions for different Portfolios. Sometimes those decisions are based on objective criteria, such as industry, sector or capitalization levels. At other times, the decision reflects the Portfolio Manager's subjective professional judgment about the decision to invest in a security for a Portfolio or for a set of Portfolios. Our Portfolio Managers make these judgments based on a wide variety of factors, including but not limited to the other holdings in the Portfolio, the attractiveness of other investment opportunities available for that Portfolio, the Portfolio Manager's understanding of each Portfolio's objectives and risk profile and the costs of transacting in a particular security. These individualized decisions can result in significantly different investment returns between investment strategies and among Portfolios managed by the same Manager.

An important example of how accounts managed by the same Portfolio Manager will differ, as well as how potential conflicts can arise in these situations, is our management of long-short portfolios and more traditional long-only investment strategies. Portfolio Managers who utilize long-short investment strategies in one Portfolio may utilize other strategies in other Portfolios. Some of those other Portfolios may be hedge funds not managed at IBKRAM. Some investment strategies utilize more diverse investment tools and techniques than other investment strategies. Those tools and techniques include the use of short sales, leverage and a wide range of derivative instruments. Portfolios consisting of positions utilized in a long-short strategy will differ significantly from long-only accounts and typically have different investment objectives, strategies, time horizons, risk profiles, tax and other considerations. In addition, some of these strategies do not typically measure performance against a specific index or benchmark, but instead pursue absolute returns. A Portfolio Manager may utilize both long-short and long-only strategies, but at different times. Because of these differences, we expect that long-short and long-only strategies managed by the same Manager will have significantly different investment results over time.

The fee structures applicable to some Portfolios often differ from those of the accounts that make up the majority of our firm's asset base. In particular, some Portfolios may include a Performance Fee of up to 12% of net positive performance of the investments in the specific Portfolio, in addition to a Management Fee of up to 1.5%. Portfolio Managers associated with performance fee Portfolios receive a percentage of the Performance Fee paid to IBKRAM. As a result, these Portfolio Managers have an economic incentive to favor Portfolios with performance fees over other Portfolios. IBKRAM manages this and other conflicts associated with side-by-side management of Client accounts through internal review processes and enhanced oversight. While the procedures IBKRAM uses to manage these conflicts differ depending upon the specific risks presented, all are designed to guard against intentionally favoring one account over another.

Because IBKRAM only charges annual management fees and does not charge performance fees to clients investing in IBKRAM Portfolios (e.g., Smart Beta, Asset Allocation and Index Tracking Portfolios), no related side-by-side management conflict issues arise in connection with these portfolios.

How We Allocate Investment Opportunities Generally

Client identities are not generally shared with Portfolio Managers, so the Portfolio Managers employ an investment strategy with no consideration of a particular Client's situation. Occasionally, a Client and a Portfolio Manager may have had a prior business relationship. In this instance, the risk score system may or may not prevent the Client from investing in the specific Manager Portfolio designed by the Portfolio Manager with whom the Client may have had a prior relationship. At the same time, IBKRAM prohibits Managers on its platform from basing their decisions on favoritism, "window dressing," or other practices that violate either applicable law or IBKRAM's fiduciary duties to its Clients. IBKRAM uses a number of techniques to perform after-the-fact review of trading in Client accounts. These techniques include performance dispersion analysis and Trade Cost Analysis ("TCA"). However, IBKRAM does not routinely review individual transactions in isolation. The frequency and extent of reviews vary depending on IBKRAM's assessment of the opportunity and incentives for inappropriate investment allocation decisions.

Item 7: Types of Clients

IBKRAM's Clients include individuals, trusts, corporations and other legal entities. IBKRAM has established the following account minimums:

- Third-Party Portfolio Manager strategies – investment minimums ranging between $10,000 and $148,000, with the majority of these portfolios having minimum required investments ranging between $10,000 and $30,000;

- IBKRAM Portfolios (e.g., Smart Beta, Asset Allocation and Index Tracking Portfolios) - $5,000; and

- Qualified Client Accounts - $1,000,000 unless minimum net worth requirements are satisfied. (See Item 6 above).

To invest in any IBKRAM portfolios, clients must open a brokerage account with IB LLC, IBKRAM's affiliated broker dealer and meet IB LLC's $5,000 minimum funding requirement.

Clients may become IBKRAM's clients and invest in one or more IBKRAM portfolios in one of two ways:

- By applying to open a IBKRAM account on the IBKRAM website; or
- By authorizing their investment advisor to open an IBKRAM account on their behalf on the IBKRAM website.

Under the first method, clients sign IBKRAM's Investment Management Agreement and acknowledge all required documents and disclosures online directly.

Under the second method, clients' investment advisors may hire IBKRAM as a sub-advisor. The client's investment advisor has responsibility to communicate with the client and to determine suitability of investments in IBKRAM portfolios based on the client's financial circumstances, risk tolerance, liquidity needs, net worth, investment experience and any other factors that may be relevant and appropriate for such a determination. Clients' investment advisors gather all information needed to open an IBKRAM account on behalf of their clients and invest their clients' assets in such portfolios as the advisor and Client deem appropriate. In determining the risk score of clients investing in an IBKRAM portfolio through their existing investment advisor, IBKRAM will take into account whether the client's existing advisor is registered with the SEC or a state regulator and has confirmed that it will only invest its clients in portfolios suitable for the client based on the client's investment profile and the advisor's dealings with the client. These investment advisors are also responsible for providing Clients with a current copy of IBKRAM's disclosure statement prepared in accordance with Form ADV, Part 2A/2B and any other IBKRAM disclosures. Before IBKRAM allows an investment advisor to invest one of its clients in an IBKRAM portfolio, IBKRAM will conduct its own due diligence of the advisor and also obtain from the ultimate clients a signed agreement to allow their advisor to invest their account in IBKRAM portfolios ("Client Authorization") whereby clients authorize their investment advisors (a) to open an account with IBKRAM on their behalf, sign and acknowledge all required documents (including, but not limited to the Investment Management Agreement), provide all required consents, and receive on their behalf all disclosures that IBKRAM makes to its clients (including, but not limited to, the Form ADV Part 2 Informational Brochure), (b) to access their IBKRAM account and make all investment decisions, including which portfolios to invest in and the amount of those investments, and (c) to specify any investment restrictions to IBKRAM on clients' behalf. Clients agree to pay IBKRAM advisory fees applicable to the portfolios their advisors invest in on their behalf and acknowledge that those fees are separate and in addition to any fees they agreed to pay their advisor. Clients also acknowledge in the Client Authorization that all applicable agreements, disclosures, documents, and consents that the advisors may sign, provide or acknowledge on their behalf are available for clients' review on the IBKRAM website at http://site.ibkram.com/agreements or may be obtained by contacting the advisor or IBKRAM. Client also are informed that they must notify IBKRAM immediately in writing if they want to revoke the Client Authorization or if any of their representations and warranties in the agreement become inaccurate.

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

IBKRAM employs a variety of methods and strategies to make investment decisions and recommendations to Clients.

Portfolio Manager Strategies

For Portfolio Manager strategies, IBKRAM typically relies on the investment decisions of Portfolio Managers in its management of Client accounts. IBKRAM attempts to track the Portfolio Manager's trades as accurately as possible, but it does maintain discretion to modify the Portfolio Manager's trades or rebalance investing Client accounts in order to provide the best services to Clients.

IBKRAM selects the Portfolio Manager strategies that it will offer on the platform using a variety of criteria. As part of its processes to ensure the quality of the Portfolio Managers on the Platform and to minimize the risk of Manager front-running, IBKRAM screens the managers and may require that Managers meet certain minimum criteria (e.g., AUM, size of personal funds invested in the strategy). IBKRAM may also require that Portfolio Managers and their lead traders certify to IBKRAM that they will not trade ahead of IBKRAM clients in their proprietary or personal accounts or systematically trade ahead of IBKRAM clients in any non-IBKRAM client accounts using the same strategy.

Before Portfolio Managers launch their strategy on the platform, IBKRAM monitors the performance of the strategy in the Manager's IB LLC account in a live test environment. In this live test environment, the Managers make trades in their account and IBKRAM tracks the performance of their account. IBKRAM displays the performance of the Manager's account on its public website if and when the Manager's strategy is ultimately approved to be listed on the platform. IBKRAM Clients are not allowed to invest in the Manager's strategy during this live test period.

Managers complete a questionnaire in which they specify their parameters for portfolio construction, risk control and strategy guidelines. This questionnaire assists IBKRAM in gathering information about each Manager, including his or her investment philosophy, process and strategy differentiators. Managers may then provide IBKRAM with historical trade data for their strategy for periods before the Manager joined the platform. IBKRAM analyzes this information to ensure consistency with the Manager's responses to the questionnaire and other strategy-related materials. If the Portfolio demonstrates performance and risk characteristics consistent with the strategy and IBKRAM's Investment Management team believes that the Manager has the skills and experience to consistently deliver the strategy described, IBKRAM will open the Portfolio up for Client investments. IBKRAM does not impose specific performance requirements and views the consistency with which Portfolio Managers implement their strategy and ability to generate alpha as more important in selecting Portfolio Managers for its platform.

Portfolio Managers generally use the following types of investments in managing the Portfolios on the

IBKRAM platform:

- Equity Securities, including exchange-listed securities, certain over-the-counter ecurities and American Depositary Receipts (“ADRs”);
- Exchange-traded funds (“ETFs”); and
- Options.

IBKRAM Portfolios

For the IBKRAM Portfolios (e.g., Smart Beta, Asset Allocation and Index Tracking Portfolios), IBKRAM utilizes a proprietary computer algorithm or model to select the stocks included in the portfolios initially and during quarterly rebalancing. IBKRAM’s Investment Management team oversees the trading in the IBKRAM Portfolios in order to verify the accuracy and reliability of the stock and/or ETF fundamental data used in the model. IBKRAM’s main sources of information for the transactions in the IBKRAM Portfolios include data about US stocks and/or ETFs provided by third-party data vendors.

IBKRAM Portfolios generally trade in equity securities traded on U.S. exchanges and ETFs.

Smart Beta Portfolios

IBKRAM has undertaken research and back-testing to select the fundamental factors, rules, and/or weighting used to construct these portfolios. These portfolios combine elements of automated (robo) investing with management oversight, and are auto-rebalanced quarterly to maintain their optimal strategic composition.

Clients can find additional information on IBKRAM’s Smart Beta Portfolio construction process, actual trading results, and other disclosures regarding these portfolios on the IBKRAM website, including a risk disclosure document on the Forms & Agreements page at http://ibkram.com

A general description of the approach underlying the Smart Beta Portfolios may be found on the landing page located here: http://ibkram.com/smartbeta

Asset Allocation Portfolios

IBKRAM has undertaken research to ensure that the diversified mix of asset classes for each Asset Allocation Portfolio is appropriate for the targeted investor profile and level of risk. IBKRAM’s Investment Management Team has looked for diversification not only across asset classes (e.g., equities versus bonds) but also within a single asset class (e.g., corporate bonds versus treasuries). Portfolio optimization techniques, weight and risk constraints were then considered to derive target allocations.
IBKRAM has screened and selected specific ETFs to best represent the target asset class, while also having relatively low management fees and more liquidity. For taxable accounts, IBKRAM has selected tax-advantaged assets like municipal bonds. Each quarter, this portfolio is rebalanced to target allocations. The selection and weighting of the specific ETFs in each portfolio depends on their expected return characteristics, the degree of diversification that they provide within the portfolio, the management fees charged by each ETF, and their relative liquidity. Every quarter IBKRAM rebalances these portfolios to target weights.

Additional information on the research undertaken and method used to select the investments for these portfolios is available on each portfolio page at http://ibkram.com. Clients can find additional information on IBKRAM's Asset Management Portfolio construction process, actual trading results, and other disclosures regarding these portfolios on the IBKRAM website, including a risk disclosure document on the Forms & Agreements page at http://ibkram.com.

A general description of the approach underlying the Asset Allocation Portfolios may be found on the landing page located here: http://ibkram.com/asset-allocation

Index-Tracking Portfolios

At this time, IBKRAM offers 13 Index Tracking Portfolios. Each Index Tracking portfolio is designed to follow certain predefined rules so that the portfolio can track the specified basket of underlying investments of the reference index. Each of the Index Tracking Portfolios aims to track the performance of the underlying basket of the index, and is a form of passive investing. IBKRAM constructs and manages the Index Tracking Portfolios based on data provided by FTSE and Russell under licensing agreements. The goal of these portfolios is to allow investors to track the performance of certain specified portions of the US Stock market as represented by the reference index. While based on data provided by the above two index providers who calculate the indices these portfolios seek to track, the Index Tracking Portfolios are not in any way sponsored, endorsed, sold, promoted or recommended by these two index providers. Additionally, while these portfolios aim to track each corresponding reference index as closely as possible and mimic the performance of that index, IBKRAM cannot make any guarantee that these portfolios will succeed in doing so.

A general description of the approach underlying the Index-Tracking Portfolios may be found on the landing page located here: http://ibkram.com/index-tracker

General Risks Associated with Any Investments through IBKRAM

All investment activities, including investments with IBKRAM, include a risk of loss that Clients should be prepared to bear. IBKRAM cannot guarantee any level of performance or that any Client will avoid a loss of account assets.

Investment risks fall into the following categories. This listing of investment risks may not be all-inclusive, but should be considered carefully by each Client before deciding whether to invest with IBKRAM:

Market Risk: Security prices may decrease due in response to direct and indirect events and market conditions, usually caused by factors independent of the specific attributes of the investment security.

Inflation Risk: Rising inflation reduces the purchasing power of the underlying currency, which is the dollar for U.S. based investments.

Liquidity Risk: Liquidity is the ability to convert an investment into cash. Investment assets are usually more liquid when established markets exist to trade those securities. For instance, U.S. Treasury bills and most equity securities have highly developed markets, while tangible property, such as real estate and precious stones, are less liquid. In addition, the liquidity of options contracts in a portfolio varies from one day to the next. Depending on when a Client chooses to invest in an options portfolio, certain contracts may or may not be easily traded, which may result in the Client account having different performance, leverage, levels of risk and trading costs than the portfolio the Client invests in. Furthermore, certain IBKRAM Portfolios make use of fractional shares of stock. As stocks cannot be traded in fractions on public exchanges and fractional shares are typically unrecognized and illiquid outside of the IBKRAM platform, if clients want to liquidate their investments in an IBKRAM Portfolio, they will need to fully redeem their investment in which case IB LLC will sell any fractional shares to a liquidity provider and any whole shares to the market. If clients want to transfer their IBKRAM Portfolio holdings to another brokerage firm, they will first need to sell their fractional shares to the liquidity provider through IB LLC and will incur commissions on all of these trades. Additionally, high volatility and/or the lack of liquid markets for any security may prevent clients from selling his security at all or at a favorable time or price because IB LLC has difficulty finding a buyer and may be forced to sell at a significant discount to market value. Also, while IBKRAM values the securities held in client accounts based on data provided by IB LLC (and obtained by IB LLC from third-party independent providers), that data may be stale or otherwise affected by events impacting the security at issue. IBKRAM attempts to minimize some of this liquidity risk by blocking any trades in both Manager and IBKRAM Portfolios in securities with a market capitalization of less than $50 million or an average daily volume of less than $100,000.

Reinvestment Risk: This is the risk that future gains may be reinvested at less favorable (lower) rates of return than currently available.

Interest-Rate Risk: Changes in interest rates may result in fluctuations in the prices of other investment vehicles. For example, when interest rates rise, fixed income securities prices fall.

Currency Risk: Investments in non-U.S. based assets are subject to additional changes in valuation due to changes in currency exchange rates.

Business Risk: This covers risks associated with specific industries or companies within an industry.

Financial Risk: Excessive use of credit (borrowing) to finance a business' operations increases the risk of profitability, because the company must cover its debt obligations in good and bad years.

Counterparty Risk: The risk to each party of a contract that the counterparty will not live up to its contractual obligations.

Cyber-Security Risk: Given IBKRAM's reliance on the Internet to provide investment advice and conduct its business, it is susceptible to operational, information security and other similar risks. Deliberate cyber attacks or cyber incidents could lead a third-party to gaining unauthorized access to IBKRAM's computer systems, misappropriating Manager and Client assets or sensitive information, corrupting data or causing operational disruptions.

Leverage Risk: Certain Portfolio Managers may use borrowed funds or leverage to fund investments in their portfolios, i.e., trade on margin. Clients choosing to invest in such Portfolios understand and acknowledge that leverage makes the value of their Account increase or decrease at a greater rate than if no funds were borrowed, leading to higher returns in the case of favorable market movements but also larger losses under adverse market conditions. The higher the amount of margin (or leverage) in a Portfolio, the larger both the risk of loss and possibility of profit. In addition, Clients may also incur additional expenses associated with borrowing funds. For instance, Clients must pay the broker dealer interest on their margin loan and may need to pay other fees and expenses as well, such as hard-to-borrow fees and buy-in costs, and may even lead to a lower rate of return than if funds were not borrowed. Generally, investment strategies involving leverage or margin trading are more speculative and carry a greater potential for loss than investments not using margin.

Short Selling Risk: Certain portfolios on the IBKRAM platform may use short selling strategies. Short selling refers to the sale of a security that the seller does not own or a sale consummated by the delivery of a stock borrowed by or for the account of the seller. A short selling strategy hinges on the short seller's ability to purchase later at a lower price the security he sells without initially owning, and attempts to profit from falling security prices of potentially overvalued stocks. Clients choosing to invest in such Portfolios understand and acknowledge that short selling is more complex than simply owning securities, and the risk of loss associated with short selling is virtually unlimited. Unlike with stock purchases (where the risk of loss is limited to the amount paid for the stock and the gains are potentially limitless), short selling theoretically carries virtually unlimited risk of loss because there is no limit on the price that a security could reach before the short position is closed. Short selling also involves additional expenses and risks, including hard-to-borrow stock charges and buy-in risk.

Reliance on Information Provided by Clients and the Scope of the Risk Assessment Questionnaire: The investment advice IBKRAM provides to Clients is highly dependent on the accuracy of the information provided to IBKRAM by its Clients. If a Client provides inaccurate information or fails to update outdated information, the quality and relevance of IBKRAM's investment advice could be materially affected. IBKRAM's investment advice is based on the risk assessment questionnaire it asks Clients through its website and the answers and information Clients provide to IBKRAM. There may be additional information or financial circumstances not asked about in IBKRAM's risk assessment questionnaire that could inform but is not taken into account or reflected in IBKRAM's investment advice. Clients may choose to contact another financial advisor to discuss any such additional information or other financial circumstances that Clients may think could be relevant to IBKRAM's investment advice. In determining the risk score of clients investing in an IBKRAM portfolio through their existing investment advisor, IBKRAM will take into account whether the client's existing advisor is registered with the SEC or a state regulator and has confirmed that it will only invest its clients in portfolios suitable for the client based on the client's investment profile and the advisor's dealings with the client.

Reliance on Third-Party Data: IBKRAM's investment advice is based on data and information from third party sources. While IBKRAM believes that the data it uses in its investment management processes is obtained from reliable sources, it did not audit or validate this data, which may contain errors.

Reliance on Technology: IBKRAM's investment activities depend on various computer and telecommunications technologies, some provided by or dependent upon third parties, such as data feed, data center, telecommunications or utility providers. IBKRAM's services to its Clients could be severely compromised by system and/or telecommunications failures, power loss, unauthorized system access or use, computer viruses, fire or water damage, human errors in using certain systems, or other events or circumstances. Events that may interrupt computer or telecommunications systems could have a material adverse effect on IBKRAM Clients, including by preventing IBKRAM from trading, liquidating or monitoring its Clients' investments. IBKRAM maintains back-up electronic books and records at a third-party disaster recovery site. In case of interruption of its computer and/or telecommunications systems, IBKRAM will strive to resume service to its Clients promptly, barring any circumstances outside of its control.

Performance Drift Risk: This is the risk that the performance of any portfolio you invest in and the performance of your account diverge, due to the following factors, among others:

- **The Portfolio Manager's compliance with the trading rules**: For the protection of clients, trades that a Portfolio Manager makes that are outside of the IBKRAM trading rules are not replicated in client accounts.
- **Your risk score and exclusions**: Your risk score and any restrictions you placed on buying or selling certain securities or tickers could result in certain trades executed by the Portfolio Manager or IBKRAM not being replicated in your account.
- **Your cash flow behavior:** Performance drift will result if you frequently invest additional cash or partially redeem your investment.
- **Inability to mirror in exact proportion**: Depending on the size of your investment relative to the Portfolio Manager's, translating each trade the Portfolio Manager makes into whole shares in your account can lead to small rounding differences, and therefore slightly different allocations.
- **The broker's availability of stock to lend**: When shorting, the stock must first be borrowed. The broker may not have the exact amount of stock available to fulfill all that is requested.
- **The unique features of the investment product you invest in, such as options:** Options contracts usually cover 100 shares and do not trade in fractions. Therefore, performance drift can occur whenever IBKRAM replicates a Portfolio Manager's options trading in your account and has to round down or up any quantity traded to account for the different amount invested in the two accounts. This can lead to over- or under-hedging or leverage in your account in comparison to the Portfolio Manager's. Options are also leveraged instruments, and could be more illiquid than other investment products. The liquidity of options contracts in a portfolio varies from one day to the next. Depending on when you choose to invest in an options portfolio, certain contracts may or may not be easily traded. This may result in your account having different performance, leverage, levels of risk and trading costs than the portfolio you invest in. Partial assignments of options contracts could also result in performance drift between your account and the Portfolio Manager's. These unique features of options could lead to your account having significantly different performance, leverage, levels of risks and trading costs than the options portfolio you invest in. In an attempt to minimize performance drift for investments in options Portfolios, IBKRAM recommends investments in a multiple of a certain set amount to ensure better replication of the manager's options trading in your account. If you invest an amount other than the amounts recommended by IB Asset Management, the performance of your account may differ more from that of the portfolio manager.

Depending on the specific circumstances, performance drift can be to your disadvantage or to your benefit.

Risks Specific to Investments in ETFs

1. Market Risk

ETFs are typically designed to track the performance of certain indices, market sectors, or groups of assets such as stocks, bonds, or commodities. ETF managers may use different strategies to achieve this goal, but, in general, they do not have the discretion to take defensive positions in declining markets. Investors must be prepared to bear the risk of loss and volatility associated with the underlying index/assets.

2. Tracking Errors

Tracking errors refer to the disparity in performance between an ETF and its underlying index or its assets. Tracking errors can arise due to factors such as the impact of transaction fees and expenses incurred by the ETF, changes in composition of the underlying index/assets, and the ETF manager's replication strategy. The most common replication strategies include: i) full replication, ii) representative sampling and iii) synthetic replication, which are discussed in more detail below.

3. Trading at Discount or Premium

An ETF may be traded at a discount or premium to its Net Asset Value (NAV). This price discrepancy is caused by supply and demand factors, and may be particularly likely to emerge during periods of high market volatility and uncertainty. This occurrence may also be observed for ETFs tracking specific markets or sectors that are subject to direct investment restrictions.

4. Foreign Exchange Risk

Investors trading ETFs with underlying assets not denominated in U.S. dollars are also exposed to exchange rate risk. Currency rate fluctuations can adversely affect the underlying asset value, also affecting the ETF price.

5. Liquidity Risk

Market Makers (MMs) are exchange members that provide liquidity to facilitate trading in ETFs. Although most ETFs are supported by one or more MMs, there is no assurance that active trading will be maintained. In the event that the MMs default or cease to fulfill their role, investors may not be able to buy or sell the product.

6. Counterparty Risk Involved in ETFs with Different Replication Strategies

(a) Full replication and representative sampling strategies:

An ETF using a full replication strategy generally aims to invest in all constituent stocks or assets in the same weightings as its benchmark. ETFs adopting a representative sampling strategy will invest in some, but not all of the relevant constituent stocks or assets. For ETFs that invest directly in the underlying assets rather than through derivative instruments issued by third parties, counterparty risk tends to be less of a concern.

(b) Replication strategies using swaps and other derivatives (i.e., synthetic replication):

ETFs may utilize swaps or other derivative instruments to gain exposure to a benchmark. Currently, replication ETFs can be further categorized into two classes:

- **ETFs utilizing swaps**

Total return swaps allow ETF managers to replicate the benchmark performance of ETFs without purchasing some or all the underlying assets. ETFs utilizing swaps are exposed to counterparty risk of the swap dealers and may suffer losses if such dealers default or fail to honor their contractual commitments.

- **ETFs utilizing derivatives**
  ETF managers may also use other derivative instruments to replicate the economic benefit of the relevant benchmark. The derivative instruments may be issued by one or multiple issuers.
  ETFs utilizing derivatives are subject to the counterparty risk of the derivative instruments' issuers and may suffer losses if such issuers default or fail to honor their contractual commitments.

Even where collateral is obtained by an ETF, it is subject to the collateral provider fulfilling its obligations. There is a further risk that, when the right against the collateral is exercised, the market value of the collateral could be substantially less than the amount secured resulting in significant loss to the ETF.

Risks Specific to Options Trading

IBKRAM offers Clients who prior to February 2018 had invested in a Portfolio trading options to continue investing in such portfolio. Clients not invested in a Portfolio trading options prior to February 2018 cannot invest in such a Portfolio at this time.

Clients must be approved to trade options in their IB LLC brokerage account before being able to invest in Portfolios trading options on the IBKRAM platform. At any time IBKRAM Clients become uncomfortable with the options trading in their IBKRAM account, including the losses or level of risk associated with options trading, they may terminate any Portfolio investment that is trading options and easily remove options trading from their IBKRAM account online using the Account Settings page.

Before being allowed to invest in Portfolio Manager strategies trading options, all IBKRAM Clients represent that they understand that IBKRAM will attempt to mirror the option trading in the Portfolio(s) in which the Client invests but IBKRAM may not be able to perfectly replicate the same proportion of options in the Client's account that the Manager holds in his Portfolio for several reasons. For instance, among other circumstances, the ratio may call for a fraction of an option contract to be purchased for a Client's account, but, because options do not trade in fractions of contracts, IBKRAM must either buy more or less options and underlying stock than the ratio calls for. This may result in the Client's account having different performance, leverage, levels of risk and trading costs than the Manager Portfolio the Client invests in. In particular, the Client's account may have higher leverage, be more imbalanced and have higher risk than the Manager Portfolio.

The risks of trading options or investing in a Portfolio that trades options include the following:

a. Trading options is highly speculative in nature, involves a high degree of risk and is not suitable for all Clients.

b. Options may involve certain costs and risks such as liquidity, interest rate, market, credit, and the risk that a position could not be closed when most favorable.

c. Option contracts are traded for a specified period of time and have no value after expiration.

d. Trading options may result in the total loss of premiums and transaction costs.

e. Trading halts in the underlying security, or other trading conditions (for example, volatility, liquidity, systems failures) may cause the trading market for an option (or all options) to be unavailable, in which case, the holder or writer of an option would not be able to engage in a closing transaction and an option writer would remain obligated until expiration or assignment.

f. Even if the market is available, there may be situations when options prices will not maintain their customary or anticipated relationships to the prices of the underlying interests and related interests.

g. An options market may sometimes impose restrictions on the particular types of options transactions, such as opening transactions or uncovered writing transactions.

h. Disruptions in the markets for the underlying interests could also result in losses for options investors.

i. **Lack of Liquidity in Options Market:** There is no assurance that a liquid market will be available at all times for a Portfolio to buy or sell options or to enter into closing purchase transactions. In addition, under certain circumstances, the Portfolio Manager may hold the underlying stocks as part of a hedged strategy, the Portfolio may be less likely to sell stocks to take advantage of new investment opportunities, and the cash available to the Portfolio to purchase new securities may be limited.

j. **Portfolio Turnover:** Portfolio turnover is the percentage of the Portfolio that was replaced once during a one-year period. High rates of Portfolio turnover entail transaction costs that could negatively impact performance. In periods of high market volatility, option exercise is more likely, which can result in a significant increase in turnover.

k. **Tax Consequences:** Portfolios that sell options expect to generate premiums. These premiums typically result in short-term capital gains to the Portfolio for federal and state income tax purposes. Receipts of such short-term capital gains usually are taxable at the same rate as ordinary income to investors. Transactions involving the disposition of a Portfolio’s underlying securities (whether due to the exercise of a call option or otherwise) give rise to capital gains or losses. Portfolios that sell options have no control over the exercise of options, redemptions, or corporate events affecting their equity securities investments (such as mergers or reorganizations) and may be forced to realize capital gains or losses at inopportune times.

l. Margin requirements may apply to trading equity options.

m. “Naked” uncovered option trading is the most speculative and riskiest form of trading and exposes investors to potentially significant losses. Uncovered options writing is suitable only for knowledgeable investors who fully understand the risks, have the financial capacity and willingness to incur potentially substantial losses, and have sufficient liquid assets to meet applicable margin requirements. When writing (selling) naked calls, the risk is unlimited, since there is theoretically no limit to the price increase that could be achieved by the underlying stock. The risk in the naked put is that the stock could go to zero.

n. There may be other risks associated with investing in a Manager Portfolio that trades options, and this description of certain risks is not intended to be an exhaustive presentation of all risks associated with options trading. IBKRAM Clients should review the current Options Clearing Corporation ("OCC") disclosure document "Characteristics and Risks of Standardized Options" and any options risk disclosures provided by the broker-dealer for all Client trades, IB LLC.

Risks of Buying (Purchasing) Options

When a Portfolio purchases call options it pays a fee or "premium." This premium is paid at the time the option is purchased and is not refundable to the buyer, regardless of what happens to the stock price or the option. The Portfolio is exposed to gains if the stock underlying the call option increases in price above the pre-determined strike price. This gain is offset by the premium paid for buying the call option. If the price of the stock underlying the call option is below the exercise price, the option expires worthless.

When a Portfolio purchases put options, it pays a fee or "premium." This premium is paid at the time the option is purchased and is not refundable to the buyer, regardless of what happens to the stock price or the option. The Portfolio is exposed to gains if the stock underlying the put option decreases in price below the pre-determined strike price, but this gain is offset by the premium paid for buying the put option. If the price of the stock underlying the put option is above the exercise price, the option expires worthless.

The premiums the Portfolio pays when buying options may increase as a result of a number of factors, including changes in interest rates, stock market volumes or price volatility of the underlying securities.

Risks of Selling (Writing) Options

When a Portfolio sells a call option, it provides the buyer the right to buy the security at a pre-determined strike price. The Portfolio is therefore exposed to losses if the stock underlying the call option increases in price above the pre-determined strike price, this loss is offset by a premium received for selling the call option. If the value of the stock underlying the call option is below the exercise price, the call is unlikely to be exercised and the Portfolio will just receive the premium.

When a Portfolio sells a put option, it provides the buyer the right to sell the security at a pre-determined strike price. The Portfolio is therefore exposed to losses if the stock underlying the put option decreases in price below the pre-determined strike price. This loss is offset by a premium received for selling the put option. If the value of the stock underlying the put option is above the exercise price, the put is unlikely to be exercised and the Portfolio will just receive the premium.

The premiums the Portfolio receives for selling options may decrease as a result of a number of factors, including changes in interest rates, stock market volumes or price volatility of the underlying securities.

Potential future consent to T+2 settlement

In the case of buy-writes or covered call options, Clients may consent to Timber Hill Inc., a market-making affiliate of IBKRAM and IB LLC, providing them with T+2 settlement for the purchase of replacement shares to use against an option assignment and potentially prevent capital gains and a higher tax liability. Timber Hill Inc. is the only liquidity provider on the T + 2 facility, and it may profit or lose in connection with each such transaction. [STILL APPLICABLE?]

Risks Specific to IBKRAM Portfolios

Investments in the IBKRAM Portfolios (e.g., Smart Beta, Asset Allocation and Index Tracking Portfolios) are subject to the risks discussed here and the separate Risk Disclosures for Smart Beta, Asset Allocation and Index Tracking Portfolios available on the Forms and Agreements page of the IBKRAM website (http://ibkram.com) (which Clients are required to acknowledge before being able to invest in any of these portfolios), any of which may adversely affect the Portfolios' yield, total return, and ability to meet their investment objectives.

As with any investment, there are a number of risks associated with investing in an IBKRAM Portfolio. These include the following:

- You may lose all or part of your investment in the Portfolios, or your investment may not perform as well as other investments or may fluctuate significantly due to short-term or long-term market movements;
- There is no assurance that these Portfolios and strategies will meet their investment objectives, work as intended or perform as well as other investment strategies; and
- These Portfolios may not be suitable for all investors.

Market Risk **-** These Portfolios could lose money over short periods due to short-term market movements and over longer periods during more prolonged market downturns. Due to market conditions, the value of the Portfolios' investments may fluctuate significantly from day to day and this volatility may cause the value of your investment in the Portfolios to decrease.

Sector and concentration risks – A portfolio may carry higher risk to the extent it is significantly composed of assets in a particular sector, issuer, group of issuers, country, group of countries, region, market, industry, or asset class. In managing these portfolios, IBKRAM attempts to avoid excessive concentration in individual sectors of the market, but may not be successful.

Regulatory risk **-** The portfolios are subject to the risk that a change in US law and related regulations will impact the way IBKRAM manages these portfolios, increase the particular costs of their operation and/or change the competitive landscape. This may result in IBKRAM deciding to cease offering these portfolios.

Conflict of interest risks and disclosures **-** As explained above, IBKRAM trades its own funds alongside the assets of the clients who invest in the IBKRAM portfolios in order to effectuate its trade mirroring procedures. To avoid the potential for front-running, orders in IBKRAM-owned accounts are combined with orders in client accounts and submitted for execution to IB LLC in one or multiple trades. Executions are then allocated pro rata with participating accounts receiving the same average price per share and sharing transactions costs pro rata. These safeguards are described in the Investment Management Agreement that Clients sign before investing with IBKRAM and are intended to ensure IBKRAM adheres to its fiduciary duty to clients, and avoids or mitigates any conflicts of interest.

Risks associated with owning and trading fractional shares and related cross-agency trades **-** IBKRAM is able to offer the IBKRAM Portfolios and the extensive diversification they are designed to achieve for even relatively small investments by offering IBKRAM clients the ability to trade fractional shares of the ETFs and stocks that the portfolios invest in. You will receive payments or value commensurate to your fractional ownership in the case of stock dividends, stock splits, mergers or other mandatory corporate actions (including cash dividends). ETFs and stocks cannot be traded in fractions on public exchanges, so IB LLC, IBKRAM's affiliated broker-dealer, facilitates trading in the IBKRAM Portfolios brokering all fractional share orders on behalf of IBKRAM clients against a liquidity provider. This liquidity provider will sell or buy fractional shares that IBKRAM clients would not otherwise be able to trade in the open market. These trades will occur either at the execution price the liquidity provider gets on the market for stocks or ETFs it sells to IBKRAM clients or, if the fractional shares are provided from the provider's inventory, at the National Best Bid or Offer at the time of the order. There is a potential conflict of interest in connection with these fractional transactions as IB LLC will act as broker for both IBKRAM clients and the liquidity provider counterparty to these transactions that you have consented to in the Investment Management Agreement. You may revoke your written consent to such transactions at any time by written notice to IBKRAM or IB LLC, as discussed in our Investment Management Agreement, but you will no longer be able to invest in these portfolios as they rely on fractional share investments. IBKRAM has determined that the benefits of offering fractional shares outweigh the negative effects of investing in them, but you should be aware of their unique features, risks and costs. Please note that you own the shares held in your IBKRAM account, including fractional shares acquired as a result of your investment in one of the IBKRAM Portfolios. No aspect of IBKRAM's management or operation of these portfolios should be deemed as an attempt by IBKRAM to restrict in any way any rights you would otherwise have over the securities and funds in your account, including any fractional share holdings.

ETFs and stocks cannot be traded in fractions on public exchanges and fractional shares are typically unrecognized and illiquid outside of the IBKRAM platform. So, if you want to liquidate any of your IBKRAM Portfolio investments, you will need to fully redeem your investment in which case IB LLC will sell any fractional shares to the liquidity provider and any whole shares to the market. If you want to transfer your IBKRAM Portfolio holdings to another brokerage firm, you will first need to sell your fractional shares to the liquidity provider through IB LLC and will incur commissions on all of these trades. Please note that IB LLC cannot facilitate customers voting proxies on fractional share holdings, does not provide a mechanism to make voluntary elections on your fractional holdings, and cannot provide you with any shareholder documentation for any holdings of less than one share.

Not a bank deposit **-** Your investment in one of the IBKRAM Portfolios is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

IBKRAM Portfolio investment limitations **-** In accordance with applicable regulatory requirements, IBKRAM will not allow clients to make any initial, additional or recurring investments in an IBKRAM Portfolio 3 business days prior to the date of a quarterly rebalance. If a client requests such a transaction during this period, IBKRAM will send the transaction for execution on the first trading day after the rebalance. Clients may redeem some or all of their investment in any IBKRAM Portfolio at any time. But, if clients have a cash (rather than margin) brokerage account and engage in redemptions less than 3 business days after the quarterly rebalance, IB LLC may require them to pay for purchases in their account on the date of the trade for the next 90 days. In addition, to avoid price swings around market open and close, client requests to invest in or redeem any investments in the IBKRAM Portfolios will be processed in the order in which they are received between 9:35 am and 3:50 pm ET.

Risks specific to Smart Beta Portfolios

Equity securities risks **–** These Portfolios are primarily invested in stocks and therefore bear the risks of the general stock market. In particular, the Portfolios:

- Entail greater risk of loss and volatility than some other asset classes, such as bonds;
- Are primarily composed of US stocks, so may be particularly affected by certain changes in the US economy that do not affect the global economy; and
- Include large-, medium-, and small-capitalization stocks, each of which carries its own risks and may gain or lose value in a different proportion than the stock market overall.
    - For instance, large-capitalization companies have fewer opportunities to expand the market for their products and services, may be slow to respond to new competitive challenges such as changes in technology, and may grow more slowly than smaller companies, especially during extended periods of economic expansion, causing their stocks to underperform investments in small- or medium-capitalization stocks.
    - Medium-capitalization company stocks have historically been subject to greater investment risk than large-capitalization company stocks, may be less stable, more susceptible to adverse developments, and more sensitive to changing market conditions, and have more limited markets and managerial and financial resources while their stocks may be more volatile and less liquid than those of more established companies, in part due to less certain growth and dividend-yield prospects.

New portfolio risk **–** IBKRAM launched the first set of Smart Beta Portfolios in November 2016, the second set in December 2016, and another portfolio in March 2017. Therefore, these Portfolios are relatively recent and have no operating or actual performance history before November 2016, December 2016, and March 2017 respectively. Clients investing in these Portfolios bear the risk that IBKRAM may not be successful in implementing its investment strategy. Additionally, the model used to select the securities in each Smart Beta Portfolio is not certain to maximize returns or minimize risks, and may not be appropriate for every investor. No assurance can be given that a Smart Beta Portfolio will be successful under all or any market conditions. Additionally, IBKRAM's judgments about the attractiveness, value and potential appreciation of particular asset classes in which these Portfolios invest may prove to be incorrect and may not produce the desired results, and IBKRAM's strategy may not effectively protect the Portfolios from market declines and may limit their participation in market gains.

Portfolio-specific risks - In addition, each Smart Beta Portfolio carries additional, specific risks, which may lead it to lose or gain money out of proportion with the stock market as a whole.

1. ***Value securities risk*** **–** Stocks in the **Value Portfolio (VAL.IB™)**, perceived by IBKRAM as undervalued, may fail to appreciate for long periods of time, may never realize their full potential value, or may underperform other segments of the market or the market as a whole.
2. ***Quality securities risk*** – Companies issuing the stocks included in the **Quality Portfolio (QAL.IB™)** may experience lower than expected returns, even negative growth, as well as increased leverage.

- ***Growth securities risk*** **–** There is no guarantee that the past performance of the stocks in the **Growth Portfolio (GRO.IB™)** will continue. These stocks typically trade at higher multiples of current earnings than other securities and, therefore, may be more sensitive to changes in current or expected earnings than other equity securities and may be more volatile.

- ***High-dividend securities risk*** **–** There is no guarantee that the large-capitalization companies issuing the stocks in the **Dividend Portfolio** (**DIV.IB™)** will declare dividends in the future or that, if the dividends are declared, they will remain at current levels or increase over time.
- ***Equal weighting risk*** – Due to the **Broad Market Portfolio's (BRM.IB™)** use of half equal weighting and the resulting higher proportion of small- and medium-capitalization company stocks, this portfolio may underperform other segments of the market or the market as a whole.
- ***Small-capitalization company risk*** - Small-cap versions of the Smart Beta Portfolios (**smVAL.IB™**, **smGRO.IB™**, **smQAL.IB™**, **smDIV.IB™**, and **smBRM.IB™**) are invested solely in small-capitalization company stocks. Small-capitalization company stocks have historically been riskier than large and medium-capitalization company stocks. Securities of small-capitalization companies generally trade in lower volumes, are often more vulnerable to market volatility, get less analyst coverage, and are subject to greater and more unpredictable price changes than other stocks or the stock market as a whole.

Tax burden implications - Given the high volume of trading in the Smart Beta Portfolios due to their composition, quarterly rebalancing trades, and recurring investments, clients will also be responsible for reporting large amounts of stock sales in their tax forms (e.g., IRS Form 8949, Sales and Other Dispositions of Capital Assets). This tax-filing burden is increased for the Broad Market Portfolios (**BRM.IB™** and **smBRM.IB™**), each made up of 1,000 stocks. IBKRAM is not qualified to and cannot provide any tax advice or prepare any tax documents for clients. Clients will need to consult an accountant or tax attorney to determine the tax-filing burden of investing in these portfolios. Please note that IB LLC provides certain tools to assist clients with their tax filings, but these tools may only be able to support a limited number of trades.

Risks specific to Asset Allocation Portfolios

Market risk - The price of any security or the value of entire asset classes could decline for reasons outside of IBKRAM's control, such as changes in the economy, interest rates, regulatory changes, political and social events. A high allocation to a specific asset class will negatively affect the performance of a portfolio when that class underperforms in comparison to other asset classes while a low allocation to a given asset class may underperform the market when that asset class outperforms other asset classes. IBKRAM tries to mitigate the market risk associated with investments in the Asset Allocation portfolios by designing them as mixtures of equities and fixed income investments with the objective of providing income, growth and stability during different economic conditions while taking into account the various asset classes' historical performance.

New portfolio risk **–** IBKRAM started trading the first set of Asset Allocation portfolios in November 2017. Therefore, these portfolios have no operating or actual performance history before November 2017. Clients investing in these portfolios bear the risk that IBKRAM may not be successful in implementing its investment strategy.

ETF market risks **-** ETFs, in which these portfolios invest, are typically designed to track the performance of certain indices, market sectors, or groups of assets such as stocks, bonds, or commodities. ETF managers may use different strategies to achieve this goal, but, in general, they do not have the discretion to take defensive positions in declining markets. Investors must be prepared to bear the risk of loss and volatility associated with the underlying index/assets.

ETF tracking error risk - Tracking errors refer to the disparity in performance between an ETF and its underlying index, market benchmark or assets the ETF is designed to track. Tracking errors can arise due to factors such as: (a) the impact of transaction fees and expenses incurred by the ETF but not the underlying assets held or index tracked; (b) changes in the composition of the underlying index/assets; (c) market supply and demand for the ETF or the underlying securities held by the ETF, which could lead to the ETF shares trading at a discount or premium to the actual net asset value of the securities held by the ETF; (d) the ETF's holding of uninvested cash; (e) differences in the timing of the accrual or valuation of distributions; (f) tax gains or losses, and (g) the ETF manager's replication strategy. Because they hold and track other instruments, ETFs generally have higher liquidity and valuation risk than other securities. Also, ETF tracking error risk could be higher during times of increased market volatility and uncertainty or other unusual market conditions.

ETF liquidity risk - Market Makers are exchange members that provide liquidity to facilitate trading in ETFs. Although most ETFs are supported by one or more Market Makers , there is no assurance that active trading will be maintained. In the event that the Market Makers default or cease to fulfill their role, investors may not be able to buy or sell the product. IBKRAM attempts to reduce this risk by selecting ETFs with more liquidity.

Costs associated with investing in ETFs through IBKRAM - In addition to advisory fees you pay to IBKRAM for the management of the Asset Allocation portfolios and commissions you pay to IB LLC for transactions in your IBKRAM account, you will be charged other fees and expenses by the issuer of an ETF you own in your IBKRAM account. This means that you will pay more for ETFs you invest in through the Asset Allocation portfolios than if you purchased these ETFs directly. ETFs typically include certain embedded expenses that reduce the fund's net asset value and indirectly the performance of your portfolio investing in ETFs. The embedded expenses of an ETF include ETF management fees, custodian fees, brokerage commissions, and legal and accounting fees. These expenses may change from time to time at the sole discretion of the ETF issuer. Please note that IBKRAM does not benefit either directly or indirectly from these fees. IBKRAM generally invests in ETFs with lower expenses.

Interest rate risk associated with bond ETFs - The Asset Allocation Portfolios will invest in bond or fixed income ETFs. These ETFs are exposed to interest rate risk, which is the risk that underlying bond prices will decline because of rising interest rates. An increase in interest rates may cause the value of bond or fixed income ETFs held by the portfolios to decline, which could lead to heightened volatility in the fixed-income markets, and adversely affect the liquidity of fixed-income ETFs. The current historically low interest rate environment exacerbates the risks associated with rising interest rates.

Credit risk associated with corporate bonds ETFs - The Asset Allocation Portfolios will invest in corporate bond ETFs. These ETFs are exposed to the risk that the corporations issuing the debt or other counterparties may be unable or unwilling to make timely interest and/or principal payments when due or honor any of their other obligations. This could negatively affect the debt issuer's credit rating or the market's perception of that debt issuer's ability to make payments, which could in turn negatively affect the value of these portfolios' investments in the corporate ETFs. The degree of credit risk associated with the corporate bond ETFs depends on the financial condition of the issuers of the underlying instruments and the terms of the underlying bonds the ETFs invest in.

***Tax and other risks associated with municipal bond ETFs* -** Some of the Asset Allocation portfolios will invest in municipal bond ETFs. These ETFs are exposed to the risk that all or a portion of the tax-exempt income from municipal bonds held will be declared taxable, potentially retroactively, due to changes in tax laws or adverse interpretations by the Internal Revenue Service or state or local tax authorities. Municipal bonds could also be adversely affected by changes in the rights of municipal bond holders, including those in connection with the insolvency of the issuing municipality. Municipal bonds used to finance and backed by current or anticipated revenues from a specific project or asset could be adversely affected by the inability to collect revenues from that project or asset.

Risks specific to Index Tracking Portfolios

These portfolios may become unavailable for investment - Under the governing licensing agreements, FTSE or Russell may alter, amend, terminate or change the indexes, change the composition or method of calculation of any index or the data, suspend or interrupt providing data to IBKRAM and have no obligation to take the needs of IBKRAM or its clients into account when determining, modifying or terminating any of the indexes. FTSE, Russell and IBKRAM may also terminate the governing licensing agreements with one-month written notice. IBKRAM will notify all affected clients of any such termination as soon as possible to allow them to identify suitable alternative investments on the IBKRAM platform or elsewhere. You should bear these contractual limitations in mind when deciding whether to invest in one of these portfolios, which may become unavailable for investment in the future.

FTSE and Russell do not endorse or recommend IBKRAM's Index Tracking Portfolios - These portfolios have been developed solely by IBKRAM and are in no way sponsored, endorsed, sold, promoted or recommended by FTSE, Russell or the London Stock Exchange Group companies. FTSE and Russell do not provide any investment advice or recommendation in relation to any index to IBKRAM or its clients. The indices that these portfolios seek to track are calculated by FTSE and Russell. The index names are trademarks of FTSE and Russell and have been licensed for use by IBKRAM.

Correlation risk - IBKRAM cannot guarantee that these portfolios will achieve a high degree of correlation to the reference indices and therefore achieve their investment objective. Factors that may adversely affect the portfolios' correlation with the reference indices include fees, transaction costs, disruptions and illiquidity in the markets for securities in which the portfolios invest. Errors in index data, index computations and/or the construction of the reference index in accordance with its methodology may occur and not be identified and corrected by FTSE and Russell for a period of time or at all, which may have an adverse impact on the performance of these portfolios and IBKRAM clients' investments in these portfolios.

Index performance risk - IBKRAM does not provide any guarantee or assurance that the methodology used to create the reference index underlying these portfolios will result in the portfolios or client investments in these portfolios achieving high or even positive returns. The indices upon which these portfolios are based may underperform and could lose value while other indices could increase in value. While IBKRAM aims to track the reference indices for these portfolios as closely as possible and mimic the performance of each index, it makes no guarantee that it will succeed in doing so, or that it will achieve the same performance for clients as the account managing each portfolio has achieved. Note that there may be similar offerings in the marketplace (i.e., portfolios or investments seeking to track the same index), which may charge lower management fees.

Limitations of index return information provided by FTSE and Russell **-** You may review returns for the reference indices these portfolios seek to track for time periods preceding the January 2018 launch date of these portfolios inclusive (gross) of management fees and commissions on the index provider's website. Note that these index returns do not reflect the results of actual trading of investable assets or have any relation to the performance of the IBKRAM portfolios after their January 2018 launch date. An index cannot be invested in directly and these index returns are provided for informational and illustrative purposes only. Indexes are unmanaged. Because index returns do not reflect the deduction of any management fees, transaction costs or expenses or relate to the performance of this portfolio, you should carefully review these index returns and bear in mind that any investments tracking an index, such as those in the Index Tracking Portfolios, will be lower than these index returns by the amount of management fees, transaction costs and other expenses that they will have to pay for investments in this portfolio. Please refer to the index provider's website for complete details on the index these portfolios seek to track. Links to fact sheets compiled by the index provider for each of the indices these portfolios track are provided on the portfolio pages. A decision to invest in this portfolio should not be made in reliance on the information in this fact sheet.

Passive investment risk - The Index Tracking Portfolios are not actively managed, and IBRAM does not attempt to take defensive positions under any market conditions, including declining markets. IBKRAM does not try to "beat" the reference index or take defensive positions when markets decline or appear overvalued. This approach virtually eliminates the chance that these portfolios will outperform their reference indices, but it also reduces some of the risks associated with active management, such as poor security selection.

Equity securities risks **–** These portfolios primarily invest in stocks and therefore bear the risks of the general stock market. In particular, the portfolios:

- Entail greater risk of loss and volatility than some other asset classes, such as bonds;
- Are primarily composed of US stocks, so may be particularly affected by certain changes in the US economy that do not affect the global economy; and
- Include large-, medium-, and small-capitalization stocks, each of which carries its own risks and may gain or lose value in a different proportion than the stock market overall.

Real estate investment risk - The FTSE NAREIT All Equity REITs Managed Portfolio invests in companies such as real estate investment trusts ("REITs") or real estate holding companies. This exposes clients investing in this portfolio to the risks of owning real estate directly, as well as to risks that relate specifically to the way in which real estate companies are organized and operated. Real estate is highly sensitive to general and local economic conditions and developments, and real estate companies, including REITs, use leverage, which increases investment risk and could exacerbate this portfolio's losses.

Tax consequences of investing in the FTSE NAREIT All Equity REITs Managed Portfolio - Clients interested in this portfolio should consult with their accountant or tax attorney on the tax consequences of investing in this portfolio, as dividend payments made out by REITs held in this portfolio could be taxed as ordinary income at the top marginal tax rate. IBKRAM does not provide tax advice and does not in any way represent that investing in this portfolio will result in any particular tax consequences.

New portfolio risk **–** IBKRAM launched the Index Tracking Portfolios in January 2018. Therefore, these portfolios have no operating or actual performance history before January 2018. Clients investing in these portfolios bear the risk that IBKRAM may not be successful in implementing its investment strategy.

Sector and concentration risks – A portfolio may carry higher risk to the extent it is significantly composed of assets in a particular sector, issuer, group of issuers, country, group of countries, region, market, industry, or asset class. Many of these portfolios track indices focused on a specific industry or sector and are thus more affected by the risks associated with that specific industry or sector:

1. **Consumer discretionary sector** - Companies in this sector are affected by fluctuations in supply and demand, and adversely affected by changes in consumer spending as a result of various social, economic or political conditions.
2. **Energy sector** - The market value of securities issued by companies in the energy sector may decline for a variety of reasons including changes in energy prices, energy supply and demand, government regulations, energy conservation and exploration efforts, government regulation and potential civil liabilities.
3. **Materials sector** - Companies in this sector are adversely impacted by the volatility of commodity prices, exchange rates, depletion of resources, over-production, litigation and government regulations.
4. **Financial services sector** - Companies in this sector are significantly affected by economic, market, and business developments, borrowing costs, interest-rate fluctuations, competition, and government regulation.
5. **Healthcare sector** - The profitability of companies in this sector is affected by government regulations and government healthcare programs, increases or decreases in the cost of medical products and services, product liability claims, patent protection and competition.
6. **Technology sector** - Companies in this sector may have limited product lines, financial resources and/or personnel, face competition, and are heavily dependent on the protection of intellectual property rights.
7. **Materials sector** - Companies in this sector are adversely impacted by the volatility of commodity prices, changes in exchange rates, depletion of resources, over-production, litigation and changes in government regulations.
8. **Producer durables sector** - These companies may be affected by changes in domestic and international economies and politics, consolidation, excess capacity, and consumer demands, spending, tastes and preferences.

Other Considerations

Investment Advice

At this time IBKRAM offers investment advice by allowing Clients to invest in Portfolios generally trading any or a combination of the following: equity securities traded on U.S. exchanges, ETFs, REITs and options.

Clients are advised that:

i. IBKRAM's investment advice consists of facilitating Clients' ability to select Manager or IBKRAM Portfolios through its risk scoring system and guidance provided upon request by IBKRAM's client service representatives.
ii. IBKRAM may modify recommendations that are implied by the trading data provided by the Manager and Manager Content in certain circumstances. For example, some securities transactions may not be executed under IBKRAM's Trading Rules laid out in the Portfolio Manager Trading Rules on the IBKRAM website (posted in the Forms and Agreements page at http://ibkram.com). This is discussed in more detail in Item 4 above.
iii. Once a Client selects a Manager Portfolio or an IBKRAM Portfolio to invest in, the Client may not alter the Portfolio or the trades in his account that is invested in that Portfolio strategy, except by restricting the trading of specific tickers or securities in their accounts. Clients can terminate their investment in a Portfolio at any time and invest in another Portfolio available on the IBKRAM platform or choose not to invest in any strategy. IBKRAM does not charge management fees on any funds held in Client accounts that are not invested in any portfolios on its platform.
iv. Any securities transferred to the Custodian to fund an account are solely for liquidation and subsequent investment in a Manager Portfolio or Portfolios. IBKRAM does not issue recommendations on the further disposition of transferred securities.

To ensure that IBKRAM is able to better track trading activity in Manager Portfolios or IBKRAM Portfolios, clients authorize IBKRAM to make adjustment trades that IBKRAM in its discretion determines will help a client account mirror the Portfolio(s) in which the client invests. Clients understand and acknowledge that these adjustments may require small buy or sell trades in their accounts, which they authorize IBKRAM to effect without the clients' specific advance approval or authorization. Clients also understand that they will incur additional transaction costs, including commissions, in connection with these small adjustments. A conflict of interest arises in connection with these adjustments because IB LLC, IBKRAM's affiliated broker-dealer, collects commissions on these trades. Clients acknowledge this conflict of interest and authorize IBKRAM to effect these adjustment trades in the Investment Management Agreement they enter into with IBKRAM.

Client Additions and Withdrawals

Clients may make additions to and withdrawals from their IBKRAM accounts at any time, subject to the following:

a. IBKRAM's right to terminate an account.
b. If assets are deposited into or withdrawn from an account after the start of a month, the fee payable with respect to that account will be appropriately adjusted or prorated to reflect the number of days in that month that the assets in the account were invested in any Portfolio.
c. Clients may withdraw account assets on notice to IBKRAM, subject to the usual and customary securities settlement procedures and IB LLC's withdrawal procedures.
d. Additions may be in cash or securities provided that IBKRAM reserves the right to liquidate any transferred securities, or decline to accept particular securities into a Client's account. IBKRAM may consult with its Clients about the options and ramifications of transferring securities. However, Clients are advised that, when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.
e. IBKRAM designs its Portfolios as long-term investments and asset withdrawals may impair the achievement of a Client's investment strategy.

f. Withdrawals from your IBKRAM account may impact your ability to satisfy IB LLC's minimum equity requirements for portfolio margin access.
g. If you want to liquidate some or all of the fractional holdings in an IBKRAM Portfolio investment, IB LLC will need to these fractional shares to the third-party liquidity provider as these do not trade on the open market.
h. The performance of a Client's investment in one of the Portfolios could diverge from the performance of the Portfolio Manager or IBKRAM-owned account managing that portfolio or the performance of other Client accounts invested in the same portfolio if the Client frequently invests additional cash or partially redeems his investment.

Trading Restrictions

a. In managing Client assets, IBKRAM retains discretion over the trading based on certain trading limitations. Trading limitations include the following:
   - Minimum thresholds for market capitalization to ensure Portfolio trades occur in liquid securities.
   - The size of a Client's account may not make it practical to allocate shares for certain trades initiated by a Manager.
   - A Client may have specified certain ticker or security trading restrictions for investments in his account.

b. The concept of IBKRAM is to allow investors (i.e., Clients) to replicate Manager or IBKRAM trade data. This naturally leads to a significant conflict of interest as the Managers, and if the Manager is an entity, its respective officers, directors, employees and/or affiliates, will send a trade for execution ahead of Clients. It is therefore important to note the following:

   i. It is illegal for anyone to manipulate the market for securities.
   ii. Managers represent to IBKRAM that neither they nor their affiliates or employees trade in securities in which they possess any material nonpublic information or use their knowledge of the timing of the release of their trade data or the fact that the release of that trade data will prompt trades in IBKRAM Client accounts to trade ahead of IBKRAM Clients or to otherwise improve their position in the ownership of securities or futures or move the price of any securities or futures.
   iii. To eliminate the time lag between any Manager or IBKRAM trades and their replication into Client accounts and any incentives and conflicts of interest presented by such time lag, IBKRAM has established procedures to mitigate the risk of a Manager trading ahead of Clients. This includes combining the orders for the sale or purchase of a security by a Manager (or IBKRAM) with those of Clients investing in that Manager or IBKRAM Portfolio in a single trade or allocating the combined trades between Manager or IBKRAM and Client accounts on a pro rata basis (a process referred to as "co-trading").
   iv. Managers agreed to not buy or sell securities in any of their proprietary or personal accounts using the strategy in the IBKRAM-linked account before buying or selling those same securities in their IBKRAM-linked account.
   v. IBKRAM will randomly check managers' trading in accounts following the same strategy as their IBKRAM-linked account to detect any instances of trading ahead and/or

any indication of improper trading practices and will prominently disclose to clients or prospects the manager's trading practice.

vi. Portfolio Managers may themselves be SEC- or state-registered investment advisers, or hedge fund managers exempt from registration. Regardless of registration status, we expect Managers to exercise a reasonable level of care, diligence and skill. All Portfolio Managers must agree to report, monitor and review under their own Code of Ethics provisions trades in the IB account that is mirrored through the IBKRAM platform. Portfolio Managers must also provide IBKRAM with an annual certification that they are not aware of any instances of front-running in connection with trades placed at IBKRAM through their Code of Ethics reviews or otherwise. Portfolio Managers agree to promptly notify IBKRAM in writing of any instances of front-running of trades placed at IBKRAM. The Non-Registered Portfolio Managers (generally exempt hedge fund managers) are subject to a limited version of IBKRAM's Code of Ethics and are required to report their personal trading activity to IBKRAM. At this time, there are no unregistered Portfolio Managers on the IBKRAM platform.

c. In the specific case of options, the size of a Client's account may not make it practical to allocate shares for certain trades initiated by a Portfolio Manager. IBKRAM's replication strategy will therefore have to be customized in the case of certain options trades. Under certain circumstances, the Client account size (relative to the size of the Manager Portfolio) may require purchasing partial option contracts. Partial options, however, cannot be traded, so IBKRAM will need to decide whether to purchase more (i.e., round up) or purchase less (i.e., round down) options positions in a Client Portfolio proportional to the Portfolio Manager Portfolio. Depending on the direction of the rounding, the Client can have either significantly lower or higher cash balances and options holdings, leverage and risk in the investment compared to the Portfolio Manager. This imbalance can result in Client accounts having different hedged and unhedged exposures, trading costs and therefore significantly different performance outcomes compared to that of the Portfolio Manager account trading the strategy. To minimize this performance drift, IBKRAM recommends investments in options portfolios in a multiple of a certain set amount in order to achieve better replication of the Manager's options trading in Client accounts. If a Client chooses to invest an amount other than the amounts recommended by IBKRAM, the performance of their account could differ more from that of the Portfolio Manager. Performance drift between Client and Manager accounts and factors that increase this risk are discussed above.

Use of Margin

To the extent that a Client authorizes the use of margin, and IBKRAM thereafter employs margin in the management of the Client's investment in a portfolio, the market value of the Client's account and corresponding fee payable by the Client to IBKRAM will be increased. The Client is advised of these principal risks and conflicts of interest associated with the use of margin:

- Margin strategies entail additional fees and expenses, as the Client account must pay interest on any amounts borrowed to the broker dealer.
- **Potential conflicts of interests exist, as the Client's decision to employ margin will correspondingly increase the Management Fee payable to IBKRAM because the market value of a Client's account on which the fee is assessed will be increased through the use of margin.**

- **Potential conflicts of interest exist as the Client will be paying IB LLC, IBKRAM's affiliated broker dealer, interest for the use of margin on his account in addition to paying IBKRAM a higher Management Fee for the account than would be the case if the account did not use margin.**
- **IBKRAM does not recommend whether Clients should apply margin or leverage to their account. The decision as to whether to employ margin or to select a Portfolio that requires the employment of margin is left to the discretion of the Client.**
- In the case of options Portfolios, because options do not trade in fractions of contracts, IBKRAM may have to buy more or less options for the Client account than the Portfolio when attempting to replicate an option strategy. This could result in the Client's account having different leverage than the Manager Portfolio the Client invests in, among other differences. This aspect of options trading is discussed in more detail in Item 8 above and below.

Securities Lending

Clients (other than those investing through IRA accounts) may opt to participate in IB LLC's securities lending program, which allows IB LLC to lend certain securities held in the Client's account. See the Custodian's website (https://www.interactivebrokers.com/Universal/servlet/Registration.formSampleView?doc=Agreements/showSLDisclosure.jsp) for more detailed disclosures. IBAM is not a participant or partner in this program, and Clients may elect to participate at their sole discretion.

Benchmark and Index Comparisons Made Available to Clients

Comparisons to benchmarks or indices on our website are provided for illustrative purposes only. An index is a broadly diversified, unmanaged group of securities, which may include only large capitalization companies or companies of a certain size. Broadly-based indices may be shown only as an indication of the general performance of the financial markets during the periods indicated. The S&P 500 Index is intended for comparison to general equity market behavior only and may not be suitable for comparison to individual portfolios with specific objectives, such as industry or security types. Because of the differences between Portfolio and Client investments and any indices shown, IBKRAM cautions investors that no index is directly comparable to the performance shown since each index has its own unique results and volatility, and such indices, if shown, should not be relied upon as an accurate comparison. Index comparisons are provided for informational purposes only and should not be used as the basis for making investment decisions. There are significant differences between client accounts and the indices referenced including, but not limited to, risk profile, liquidity, volatility and asset composition. If you would like more specific information about a particular index, please visit the respective index's website.

Benchmarks relevant to each portfolio are assigned by IBKRAM based on overall strategy, portfolio trade history, and/or other criteria. For certain portfolios, IBKRAM uses an index as a benchmark, while for others it uses an investable ETF as a benchmark. Index returns do not reflect the deduction of any management fees, transaction costs or expenses. Individuals cannot invest directly in an index. Investable ETF returns reflect the deduction of (i.e., are net of) management fees, transaction costs and expenses. Benchmark returns displayed on the individual portfolio profile pages have been calculated by IBKRAM using daily benchmark prices and include capital appreciation and dividend income.

Factors not considered by IBKRAM

Generally, in providing its services to clients, there are a number of factors IBKRAM does not consider including but not limited to:

- **Tax Implications**: IBKRAM does not consider its Clients' specific tax implications in recommending portfolios. IBKRAM does not provide tax advice and does not represent in any manner that investments in a Portfolio will result in any particular tax consequences. Each Client must rely on his own examination and that of its financial, tax and legal advisors in evaluating the tax implications of investing in an IBKRAM portfolio. Clients and their personal tax advisors are responsible for how the transactions conducted in an account are reported to the IRS or any other taxing authority on the client's personal tax returns. IBKRAM assumes no responsibility for the tax consequences to any client of any transaction. Clients should not construe the contents of the IBKRAM website or any recommendation made by IBKRAM as tax advice.
- **Transaction costs and frequency of trading**: IBKRAM does not consider but attempts to disclose the frequency of a portfolio's trading when recommending portfolios to clients. A portfolio with a high level of trading and turnover could lead to clients incurring substantial transaction costs, tax implications (such as short-term capital gains) and other similar consequences that could negatively impact the value of a Client's investment. Clients should bear these transaction costs in mind when deciding whether to invest in a portfolio on the IBKRAM platform.

Item 9: Disciplinary Information

As of the date of this brochure, IBKRAM has not been subject to any legal or disciplinary actions material to a Client's or a prospective Client's evaluation of IBKRAM's advisory business. Therefore, IBKRAM has no information applicable to this item.

Item 10: Other Financial Industry Activities and Affiliations

IBKRAM is part of the Interactive Brokers Group, an automated global electronic broker and market maker. Neither IBKRAM nor its representatives are registered as a broker-dealer or representative of a broker-dealer.

In order to perform the co-trading processes for its platform described in Item 4 of this brochure, IBKRAM entered into a Technology Services Agreement with the Interactive Brokers Group, LLC ("IBG LLC"). Specifically, pursuant to this agreement, IBG LLC, at IBKRAM's direction, will develop and program IBKRAM's software, which, among other things, calculates the amount of securities and/or options contracts to be traded for IBKRAM clients to effectuate IBKRAM's co-trading procedures. IBKRAM remains solely responsible for the investment advice provided to its clients, and will periodically monitor IBG LLC's implementation of its replication procedures. IBKRAM will pay to IBG LLC a fee equal to IBG LLC's cost of performance of the services under this agreement plus ten percent (10%), and reimburse IBG LLC for any disbursements incurred in the performance of the agreement. IBKRAM will not charge its clients advisory fees higher than it would otherwise charge them in the absence of this agreement.

IB LLC, the Broker-Dealer and Custodian for all trades in Client accounts, is a related party to and is under common control with IBKRAM; both entities are subsidiaries owned by Interactive Brokers Group.

IB LLC is a registered Broker-Dealer, Futures Commission Merchant and Forex Dealer Member, regulated by the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission and the National Futures Association, and is a member of the Financial Industry Regulatory Authority and several other self-regulatory organizations. IB LLC provides clearing and custody services on an agency basis for the IBKRAM trading platform, which executes Portfolio Manager trades alongside client accounts in accordance with IBKRAM's internal trading rules and specific client restrictions.

IBKRAM's relationship with IB LLC is material to its advisory business. A conflict of interest exists to the extent that IBKRAM recommends the purchase of securities given that IB LLC receives commissions in connection with all transactions in IBKRAM Clients' accounts. Additionally, the parent company of both affiliates, the Interactive Brokers Group LLC derives the majority of its revenues from the brokerage operations of IB LLC subsidiary. As IBKRAM places all of its clients' trades through IB LLC (which receives compensation for these services), this compensation ultimately benefits both IB LLC and IBKRAM given their corporate affiliation.

IBKRAM does not receive any compensation from the unaffiliated third-party Portfolio Managers who provide strategies for the IBKRAM platform.

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

Code of Ethics

IBKRAM has adopted a code of ethics that sets forth the standards of conduct expected of its Associated Persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Advisers Act, its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by IBKRAM or any of its Associated Persons. The Code of Ethics also requires that certain of IBKRAM's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

IBKRAM's Access Persons may not trade securities, commodities, derivative products, financial instruments or exchange-traded investment products on their own behalf between the hours of 8:30 a.m. and 6:00 p.m. local time at the Access Person's place of employment. However, Access Persons may retain financial advisers to conduct such trading on their behalf during such prohibited hours.

IBKRAM's Access Persons may not purchase or sell, directly or indirectly, any security which they know at the time of the purchase or sale is being considered for purchase or sale on behalf of any Client account or being actively purchased or sold on behalf of any Client account. Given the firm's historical business model which was limited to implementing transactions in Client accounts by tracking the trade activity in Manager Portfolios, IBKRAM personnel generally were not considered to know or expected to know that a security is being purchased or sold by a Client unless that personnel had access to the firm's trade blotter or has other knowledge of the firm's purchases or sales before their implementation in Client accounts. But, unlike with third-party Portfolio Manager trades, certain IBKRAM personnel on IBKRAM's Investment Management team will be transacting in IBKRAM Portfolios (e.g. Smart Beta and

Asset Allocation Portfolios) and will be considered to know (or are likely to know) that a security will be eventually purchased or sold by any Clients who are following that portfolio. In accordance with the provisions of IBKRAM's Code of Ethics, IBKRAM's Access Persons (including IBKRAM's Investment Management team) may not purchase or sell, directly or indirectly, any security which they know at the time of the purchase or sale is being considered for purchase or sale on behalf of any Client account or being actively purchased or sold on behalf of any Client account. IBKRAM employees are allowed to become IBKRAM clients and invest in any IBKRAM Portfolios. But individuals involved in making investment and trading decisions for the IBKRAM Portfolios and placing related trades will be subject to certain black-out periods for trading stocks or ETFs considered or transacted for the IBKRAM Portfolios in any personal trading accounts.

Access Persons may become clients of IBKRAM and, as such, any IBKRAM-initiated trades for those Access Persons will be executed alongside and consistent with IBKRAM's management of other Clients' accounts. IBKRAM currently aggregates trades initiated by Portfolio Managers and the trades of Clients investing in those Managers' Portfolios and allocates shares purchased or sold at the average price for each trade, so as not to affect any Clients favorably or unfavorably. Access Persons may also open brokerage accounts for use by IBKRAM as test accounts. Trades in these accounts are also executed alongside all other IBKRAM Clients. IBKRAM provides the owners of these test accounts with funding to invest in these accounts.

IBKRAM Access Persons must acknowledge the terms of the Code of Ethics annually, or as amended.

Certain IBKRAM affiliated persons, including IBKRAM employees and directors, and employees of the Interactive Brokers Group Inc. invest with and are clients of IBKRAM. Because agency cross transactions between IBKRAM affiliated persons and other IBKRAM clients could be deemed principal transactions, IBKRAM will set up a process intended to block IBKRAM affiliated persons from trading with any other IBKRAM client in the regular course of trading the portfolios on the platform both internally and on the open market.

Clients may contact IBKRAM to request a copy of its Code of Ethics.

Portfolio Managers' Trading

Portfolio Managers may manage accounts outside of IBKRAM for other clients and may implement the same trading strategy or decisions in those accounts before they do so in their IBKRAM account. This means that there may be situations where Portfolio Managers enter the same trades on behalf of their clients outside of IBKRAM before they trade in their IBKRAM account (and therefore before the strategy is replicated in IBKRAM Client accounts). This could result in IBKRAM clients getting less favorable pricing terms and performance in their IBKRAM account than the Portfolio Manager's clients get in their non-IBKRAM accounts. To minimize the effects of this potential conflict of interest, all Portfolio Managers must agree to report, monitor and review under their own Code of Ethics provisions trades in the IB account that are co-traded through the IBKRAM platform. In the Portfolio Manager License Agreement, Portfolio Managers represent to IBKRAM that neither they nor their personnel or affiliated persons will use their knowledge of the timing of the trades in their IBKRAM account or the fact that those trades will prompt trades in IBKRAM Client accounts to trade ahead of IBKRAM Clients or otherwise improve their position in the ownership of those securities or move their prices. Portfolio Managers must also provide IBKRAM with an annual certification that they are not aware of any instances of front-running in connection with trades placed at IBKRAM through their Code of Ethics reviews or otherwise. Portfolio Managers agree to promptly notify IBKRAM in writing of any instances of front-running trades placed at IBKRAM. Non-Registered Portfolio Managers (generally exempt hedge fund managers) are subject to a limited version of IBKRAM's Code of Ethics and are required to report their personal trading activity to IBKRAM. At this time, there are no non-registered Portfolio Managers on the IBKRAM platform.

At its discretion, IBKRAM could randomly check managers' trading in non-IBKRAM-linked accounts following the same strategy as their IBKRAM-linked account to detect any instances of trading ahead and/or any indication of improper trading practices and will prominently disclose to clients or prospects any material aspects of the manager's trading practices.

Proprietary Trading for the IBKRAM Portfolios

IBKRAM manages the IBKRAM Portfolios by trading in one or more proprietary brokerage account(s) associated with each such portfolio. A conflict of interest thus arises between IBKRAM executing trades in that proprietary account with the knowledge that it will be executing similar trades in Client accounts investing in that IBKRAM Portfolio. IBKRAM may have an incentive to provide favored treatment to its proprietary account to the detriment of IBKRAM client accounts investing in an IBKRAM Portfolio by trading ahead of clients in that proprietary account or taking other actions which favor IBKRAM's proprietary account. By choosing to invest in one or more IBKRAM Portfolios, IBKRAM clients acknowledge and agree that IBKRAM will manage their accounts by replicating trading IBKRAM conducts in proprietary accounts funded with its own capital.

To mitigate any conflict of interest or risk of trading ahead of its clients presented by IBKRAM trading in a proprietary brokerage account in connection with the management of the IBKRAM Portfolios, IBKRAM has imposed on itself the same protections against potential front-running that it applies to the third-party Portfolio managers whose trading IBKRAM mirrors, described in the Investment Management Agreement IBKRAM clients sign:

- Combining orders for the sale or purchase of a security by IBKRAM with those of IBKRAM's clients that invest in any of IBKRAM's Smart Beta Portfolio accounts;
- Placing the combined orders through IB LLC; and
- Allocating the combined trades between IBKRAM and client accounts on a pro rata basis (*i.e.*, IBKRAM clients and IBKRAM will receive the same average price per share and transaction costs will be shared pro rata) (a process referred to as "co-trading").

Agency Cross Transactions

IB LLC and IBKRAM may only execute trades referred to as "Agency cross transactions" if a Client has given written consent in advance through the Investment Management Agreement executed with IBKRAM. In that agreement, IBKRAM clients acknowledge and agree that an IBKRAM affiliate (namely, IB LLC) may engage in "Agency cross transactions" as defined in Rule 206(3)-2 (17 C.F.R. § 275.206(3)-2) promulgated by the SEC under the Advisers Act, in which an IBKRAM affiliate acts as a broker both for a IBKRAM client and for the customer on the other side of the transaction. IBKRAM clients acknowledge that the IBKRAM affiliate may receive commissions from and have a potentially conflicting division of loyalties and responsibilities regarding both parties to such Agency cross transactions. Nonetheless, IBKRAM clients consent to and authorize IB LLC to engage in such agency cross transactions, and may revoke this consent and authorization at any time by written notice to IBKRAM or IB LLC.

Compliance with Rule 206(3)-2 requires IBKRAM to satisfy the following conditions:

1. Clients must provide written consent in the Client Agreement prospectively authorizing agency cross transactions after full written disclosure that IB LLC, IBKRAM's affiliate, will act as a broker, receive commissions from and have a potentially conflicting division of loyalties and responsibilities regarding both parties to these transactions. IBKRAM's Investment Management Agreement with its Clients provides such written disclosure and obtains such written consent from its Clients. Specifically, IBKRAM Clients consent to IB LLC designating their orders to trade: (1) on IB LLC's Automated Trading System or a public exchange, against the orders of other IB LLC customers, including liquidity providers; (2) through an exchange-operated price improvement facility; or (3) against a third-party liquidity provider that would fill orders (such as orders for less than a full share), which could otherwise not be filled in the open market. These agency cross transactions are reflected and identified in IBKRAM Clients' IB LLC activity statements. IB LLC will act as a broker for and receive commissions from both parties to these transactions.
2. IBKRAM or IB LLC on behalf of IBKRAM must send each Client a written confirmation at or before the completion of each transaction that includes (i) a statement of the nature of this transaction, (ii) the date this transaction took place, (iii) an offer to furnish, upon request, the time when this transaction took place, and (iv) the source and amount of any other remuneration received or to be received by IBKRAM's affiliated broker-dealer. This confirmation would take place prior to settlement, but after execution, and a transaction is not complete until the settlement takes place. IBKRAM does not receive any compensation from IB LLC. IB LLC will provide these written confirmations of agency cross transactions to IBKRAM Clients in the trade confirmations and daily activity statements for the accounts.
3. IBKRAM or IB LLC on behalf of IBKRAM must send Clients an annual statement identifying the total number of agency cross transactions and the total amount of commissions or other remuneration that IBKRAM or IB LLC received in connection with these agency-cross transactions since the last summary. IB LLC will provide this information in the annual activity statements for Clients' accounts.
4. Client consent may be revoked at any time, and all written disclosure statements and confirmations discussed above must include a conspicuous statement that Clients' written consent to these agency cross transactions may be revoked at any time by written notice to IBKRAM or IB LLC. IBKRAM's Investment Management Agreement with its Clients includes such a conspicuous statement. Trade confirmations and activity statements provided by IB LLC to Clients also include such a statement.

IBKRAM is able to offer the IBKRAM Portfolios and the extensive diversification they are designed to achieve for even relatively small investments by allowing IBKRAM clients to trade fractional shares. Because stocks cannot be traded in fractions on public exchanges, IB LLC, IBKRAM's affiliated broker-dealer, facilitates trading in these Portfolios by executing all fractional share orders on behalf of IBKRAM clients against a liquidity provider who is an IB LLC's clients. This liquidity provider sells or buys fractional shares that IBKRAM clients would not otherwise be able to trade in the open market. These trades occur either at the execution price the liquidity provider gets on the market for shares it sells to IBKRAM clients or, if the fractional shares are provided from the provider's inventory, at the

National Best Bid or Offer (“NBBO”) at the time of the order.

IBKRAM Clients investing in one of the IBKRAM Portfolios consent to IB LLC matching their fractional share buy and sell orders with the liquidity providers willing to trade fractional shares with IBKRAM and its clients. Clients may revoke their written consent to such transactions at any time by written notice to IBKRAM or IB LLC, as discussed in the Investment Management Agreement. But clients revoking their written consent to these agency cross transactions in fractional shares should note that if they do so they will no longer be able to invest in the IBKRAM Portfolios, which rely on fractional share investments.

Agency Cross Transactions in IRA accounts

Pursuant to the Department of Labor’s Prohibited Transaction Exemption 86-128, IBKRAM started seeking IRA accountholders’ written consent for its affiliated broker dealer IB LLC to receive brokerage commissions for effecting or executing securities transaction in their accounts and for acting as a broker for both the IRA accountholder and the party on the other side of the transaction and receive reasonable compensation from both parties before allowing clients to invest in any portfolios. IBKRAM will give IRA accountholders the opportunity to revoke their authorization on an annual basis, but IRA accountholders may also terminate their authorization at any time by calling 1-866-825-3005 or emailing us at clientservices@ibkram.com. IRA accountholders also receive certain information about IB LLC’s commissions revenue and portfolio turnover in their quarterly and annual activity statements provided by IB LLC, as required under the above-mentioned Prohibited Transaction Exemption 86-128.

Principal Transactions

Neither IBKRAM nor any of its Affiliates will engage in any principal transactions with IBKRAM clients.

IB LLC will not knowingly designate your orders to trade with the orders of IBKRAM’s Affiliates engaged in proprietary trading. This may affect the timing, price and quantity of the execution you receive.

Please note that certain IBKRAM Affiliates, including IBKRAM employees, officers and directors, and employees of the Interactive Brokers Group Inc., invest with and are clients of IBKRAM. Because agency cross transactions between IBKRAM Affiliates and other IBKRAM clients could be deemed principal transactions, IBKRAM will set up a process designed to prevent IBKRAM Affiliates from trading with any other IBKRAM clients, both internally and on the open market. IBKRAM does not allow trading between IBKRAM client accounts internally at IB LLC.

Item 12: Brokerage Practices

Affiliated Brokerage

IBKRAM uses its affiliated broker dealer IB LLC for all trading in its portfolios. Clients must open a brokerage account with IB LLC if they want to invest in one of the portfolios offered by IBKRAM. All brokerage commissions and/or transactions fees charged by IB LLC are exclusive and in addition to IBKRAM’s management fees.

All brokerage transactions under the Investment Management Agreement will occur through IB LLC, IBKRAM's affiliated broker-dealer. The use of an affiliate for brokerage services represents a conflict of interest. Currently, due to technical and best execution considerations, IBKRAM is only utilizing the brokerage services of IB LLC, a related party. IBKRAM does not accept clients who direct the use of other brokers. IBKRAM thus directs all of the Managers and Clients on its platform to establish brokerage and custodial relationships with IB LLC.

In the Investment Management Agreement, IBKRAM Clients appoint IB LLC as the broker and custodian for the assets in their accounts and direct IBKRAM to execute all trading in their IBKRAM accounts through IB LLC, and acknowledge the conflict of interest in this brokerage arrangement. In the Investment Management Agreement, Clients also acknowledge that the appointment of IB LLC as the sole broker for their account may result in disadvantages to them, i.e., less favorable executions (e.g., higher commissions, greater spreads, or less favorable net prices) than may be available through the use of a different broker-dealer.

Both IBKRAM Clients and IBKRAM Portfolio Managers pay IB LLC commissions for the trades in their IBKRAM accounts, which represents a conflict of interest. IBKRAM does not directly receive any of the brokerage revenue generated by IB LLC from Managers or Clients trading through IBKRAM. But IBKRAM is supported financially by IBG LLC, the parent company of both IBKRAM and IB LLC, and IBG LLC's revenues primarily stem from its brokerage operations.

Our agreement with IB LLC requires the costs for all brokerage transactions with IBKRAM and its Clients to be consistent with the costs charged by IB LLC to unrelated third parties. This will include volume discounts where appropriate.

All IBKRAM trades are affected on an agency basis. When selecting IB LLC as a broker dealer, IBKRAM did not consider whether IBKRAM or a related party receives client referrals from that broker-dealer.

IBKRAM has evaluated the brokerage services and cost of IB LLC and believes that IB will provide IBKRAM clients with a blend of execution services, commissions costs, financial strength and reputation, trading platform, responsiveness to Clients' execution needs, block trading capabilities, accuracy of trades and trade confirmations, and professionalism that fulfills IBKRAM's best execution requirement for client transactions. While IBKRAM has a reasonable belief that IB LLC is able to obtain best execution and competitive prices, IBKRAM will not independently seek best execution price capability through other broker dealers. IBKRAM periodically undertakes Trade Cost Analysis ("TCA") of trades in Client accounts to confirm the quality of IB LLC's brokerage execution services. The commissions paid by IBKRAM's Clients shall comply with IBKRAM's duty to obtain "best execution." IBKRAM shall periodically and systematically review its policies and procedures regarding recommending IB LLC as a broker dealer to its Clients in light of its duty to obtain best execution.

While we reasonably believe the use of IB LLC is in its Clients' best interests and allows for more effective investments, Clients should be aware and understand the use of IB LLC may prevent IBKRAM from negotiating brokerage commissions and other charges on Clients' behalf. This practice may also prevent IBKRAM from obtaining best execution of some or all of Clients' orders. As a result, the use of affiliated brokerage could result in higher commissions, greater spreads or less favorable net prices than would be the case if IBKRAM were able to select other brokers-dealers to execute transactions.

Additionally, Clients should be aware that a significant shareholder of Interactive Brokers Group, Inc. is a significant client of IBKRAM through investments in the Smart Beta Portfolios. Although this client does not receive any preferential treatment by comparison to other IBKRAM clients, this client relationship presents a conflict of interest as IBKRAM has an incentive to favor this client over any other of its clients especially in the management of the Smart Beta Portfolios for which his investments represent the majority of the associated assets under management at this time. Additionally, other IBKRAM Affiliates, including IBKRAM employees and directors and employees of the Interactive Brokers Group Inc., invest with and are clients of IBKRAM. Because agency cross transactions between IBKRAM Affiliates and other IBKRAM clients could be deemed principal transactions, IBKRAM will set up a process intended to block IBKRAM affiliated persons from trading with any other IBKRAM clients in the regular course of trading the portfolios on the platform, both internally and on the open market. IBKRAM does not allow trading between IBKRAM client accounts internally at IB LLC.

Commissions Charged by IB LLC

IB LLC charges IBKRAM clients commissions based on IB's tiered commissions structure for stock trades and IB's standard options commissions structure for options trades.

Generally, for transactions in portfolios managed by third-party Portfolio Managers, IB charges IBKRAM clients commissions of $0.0035 per share, with exchange, regulatory and clearing fees charged separately. (This is subject to a minimum per order commission of $0.35 and a maximum of 0.5% of the value of the trade.)

For transactions in IBKRAM Portfolios (e.g., Smart Beta, Asset Allocation and Index-Tracking Portfolios) IB LLC offers IBKRAM clients a modified tiered commission structure, which we believe will facilitate efficient investing. Under this structure, IB charges $0.0035 in commissions based on the whole "basket" of securities in a client's IBKRAM Portfolio investment. Generally, for IBKRAM Portfolio trades, IB charges a minimum commission equal to the lower of $5 or 0.05% of trade value per client account, if more than the standard tiered commissions charge of $0.0035 per aggregated shares in the client basket. IB LLC caps commissions on Smart Beta portfolios at 0.5% of the value of the basket trade.

Additionally, IB LLC requires all brokerage accounts to generate a minimum level of commissions each month. Under certain circumstances, IB will charge IBKRAM clients a minimum monthly commission charge of up to $10. Specifically, whenever the overall monthly commissions paid by all IBKRAM client accounts do not amount to at least $10 in commissions per account per month, IB will collectively charge IBKRAM clients the difference between the actual commissions charged and the overall $10 minimum due for all IBKRAM clients, determined on a pro rata basis (based on the amount by which each IBKRAM client account is below the $10 minimum).

Additional information on IB LLC commissions can be found on the IB LLC website: https://www.interactivebrokers.com/en/index.php?f=commission&p=stocks2 and https://www.interactivebrokers.com/en/index.php?f=commission&p=options1

Commissions and Tax Burdens Associated with the Rebalancing of the IBKRAM-Managed Smart Beta Portfolios and Index Tracking Portfolios

IBKRAM rebalances the IBKRAM Portfolios quarterly. Due to portfolio composition, quarterly rebalancing of the Smart Beta and Index Tracking portfolios could result in a large number of quarterly transactions in many or all of the securities in which the Smart Beta and/or Index Tracking portfolios and client accounts are invested. While the annual management fee collected by IBKRAM for the Smart Beta and/or Index Tracking portfolios is not affected by this portfolio turnover, clients should be aware that they will incur transactions costs, including commissions, whenever IBKRAM buys and sells securities in these portfolios as these trades are then mirrored in the accounts and reflected in the account statements of the clients investing in that portfolio. These commissions are payable to IB LLC, IBKRAM's affiliated broker-dealer, which is a conflict of interest. A higher turnover rate leads to higher transaction costs in client account and may also result in higher turnover taxes when held in a taxable account. The additional costs associated with higher portfolio turnover will affect the performance of client accounts following IBKRAM's Smart Beta models.

The Smart Beta and Index Tracking Portfolios involve a large number of stocks and there will be trades in many of these stocks whenever IBKRAM rebalances the portfolios or clients add to or subtract from their investment. Clients will need to report some (or all) of these trades on their tax forms. IBKRAM cannot provide tax advice or prepare tax documents for clients. Clients should consult an accountant or tax attorney to determine the tax-related obligations associated with investing in these portfolios. IB LLC provides certain tools to assist its brokerage clients with their tax filings, but these tools may only be able to support a limited number of trades.

Soft Dollar Arrangements

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer. We do not have a soft dollar agreement with IB LLC or a third-party.

Trade Aggregation

Trade orders placed by Portfolio Managers or IBKRAM will normally be aggregated with Clients orders, which facilitates best execution. We note however that trades may not be aggregated if Client restrictions prevent us from doing so.

Trade Allocation

We attempt to allocate investment opportunities on a pro-rata basis among eligible accounts based on the originally planned allocation. Both the Portfolio and the Client will receive the average price for each trade. However, in certain situations, it may not be equitable to allocate on a pro-rata basis (e.g. round lots or size restrictions on the allocation). The trading systems used by IB LLC automatically allocate trades on a pro-rata basis (with respect to the market imposed round lot requirements).

Timeliness

We will ensure that transactions are promptly and fairly allocated between the Portfolio Manager or IBKRAM, on the one hand, and Clients, on the other hand, at the average price.

Best execution

Regardless of how transactions are executed, IBKRAM strives to ensure IB LLC obtains best execution of Client trades whenever possible.

Resolution of Trade Errors

Clients acknowledge that IBKRAM will be responsible for Client account losses resulting from its failure to follow its own trading procedures or a lapse in its internal communications. Clients acknowledge that IBKRAM cannot and will not be responsible for any Client account errors and/or losses occurring when IBKRAM uses its best efforts to execute trades in a timely and efficient manner. Clients also acknowledge that IBKRAM is not responsible if a trade or a portion of a trade is not effected or an electronic "glitch" occurs even though IBKRAM followed its trading procedures and best efforts.

In certain situations, IBKRAM may manually send Client trades for execution after a Portfolio Manager's trades are executed. Differences in execution prices due to delays in replication of the Portfolio Manager's trade of less than 48 hours will not constitute a trade error, regardless of the cause of this delay.

Clients also acknowledge that IBKRAM cannot and will not be responsible for trades that are not properly executed by any third parties, including but not limited to broker-dealers, clearing firms, or custodians, when IBKRAM has properly submitted the order.

Clients are responsible for immediately notifying IBKRAM if they think that a trade error has occurred in their account. Clients also agree to promptly return any assets or funds erroneously credited to their account by IB LLC in connection with any of the trades in their Account.

Item 13: Review of Accounts

IBKRAM will periodically contact Clients to review its previous services or investment recommendations to them and to discuss the impact resulting from any intervening changes in clients' financial situation or investment needs.

Investment activity in all Client accounts may be monitored periodically by the Chief Investment Officer for potential conflicts with the Client's stated investment objectives and risk tolerances, namely in the areas of liquidity, risk exposure, and investment strategy and trade activity associated with investments.

IBKRM reevaluates the risk scores assigned to Portfolio Manager strategies (at least annually) and prompts Clients to review their answers to the risk assessment questionnaire (at least quarterly) and investment restrictions to ensure Clients are invested in strategies suitable for their risk appetite and ability to withstand investment losses.

Starting in 2018, at least annually, through a screen prompt on their client dashboard, IBKRAM will contact clients to determine whether there have been any changes in their financial situation or investment objectives warranting a revision of their prior answers to the risk assessment and whether clients want to impose new or revise existing restrictions on the trading in their accounts. Clients will be prompted to click a button to confirm that their existing details are accurate and up to date if they have no changes. If clients have not updated their information with IBKRAM over the previous 12 months, IBKRAM will send them an email inviting to log into their dashboard and review their information. Subsequent emails and checks provide similar prompts to clients, and after several attempts, IBKRAM will call the client to confirm their information.

Also, at least quarterly, IBKRAM will notify Clients in writing to contact us if there have been any changes in their financial situation or investment objectives or they wish to impose any restrictions on the trading in their account. Clients will receive periodic statements and trade confirmations setting forth all transactions in their accounts, all contributions and withdrawals, all fees and expenses charged, and the value of their account at the beginning and end of the period, including any fractional share holdings and transactions. IBKRAM's client service representatives are available to discuss and explain investment decisions made for their IBKRAM Portfolio investments and may be contacted by telephone at 1-866-825-3005 and by email at support@ibkram.com.

Clients who have experienced material changes to their financial circumstances or investment objectives, or wish to impose initial or modify existing ticker or reasonable restrictions upon IBKRAM's management services, or make any other changes to the management of their assets should promptly update their information and responses to the risk assessment questionnaire on the IBKRAM website or contact one of our client services representatives to inform them of the intervening changes.

IBKRAM provides clients with individual, password-protected, login credentials to its website, http://ibkram.com/ where Clients have direct access to their secure, private account detail pages, where they can revise their investment objectives; view their account holdings, daily account activity and performance; and access their monthly Portfolio reports detailing performance and risk exposure.

Clients are urged to periodically compare activity statements prepared by IBKRAM and quarterly account statements and transaction confirmations provided by IB LLC with regard to activity, holdings and valuations in their IBKRAM account. Clients should immediately inform IBKRAM of any discrepancies they detect between IBKRAM and IB LLC account statements.

Item 14: Client Referrals and Other Compensation

Solicitations and Referrals

IBKRAM does not receive compensation or other economic benefits from persons other than clients for providing investment advice or advisory services to its clients. IBKRAM does not currently use solicitors to refer advisory clients to the firm and does not compensate a third-party for client referrals.

Portfolio Manager Compensation

IBKRAM compensates Managers with a portion of any Management Fee(s) or/and any Performance Fee(s) it charges to Clients. Occasionally, IBKRAM Clients may have initially heard about IBKRAM from one of the Portfolio Managers on the platform. But IBKRAM will not compensate Portfolio Managers for client referrals. IBKRAM will compensate Portfolio Managers only with a portion of the Management Fee and/or Performance Fee IBKRAM charges Clients investing in the Manager's Portfolio.

Item 15: Custody

Recommended Custodian and Clearing Services

IBKRAM recommends that Clients utilize the brokerage and clearing services of IB LLC. IBKRAM only implements its investment management services after the Client has arranged for and furnished

IBKRAM with all information and authorization regarding the opening of a brokerage account with IB LLC, a related party of IBKRAM.

IBKRAM may be deemed to have custody of Client funds and securities by virtue of its affiliation with IB LLC, the qualified custodian for Client funds and securities. In accordance with the SEC's Custody Rule and in recognition of the new corporate relation between IBKRAM and IB LLC, the qualified custodian of its Clients' assets, since 2015, IBKRAM has engaged an independent public accountant (Spicer Jeffries LLP) to conduct an annual, independent surprise audit of Client funds and securities.

IB LLC sends quarterly account statements directly to IBKRAM Clients identifying the amount of funds and securities in their account(s) at the end of the period and setting forth all transactions in the account(s) during that period, including but not limited to any fees charged by IBKRAM. **Clients should contact IB LLC or IBKRAM immediately if they do not receive account statements from IB LLC on at least a quarterly basis.** IBKRAM clients should carefully review those statements to ensure that they accurately reflect the transactions in their IBKRAM account(s). IBKRAM may also separately provide account updates to its Clients. Clients should carefully compare the account updates they receive from IBKRAM with the activity account statements they receive from IB LLC, the qualified custodian. The account statements received from IB LLC are the official custodial records for IBKRAM client accounts. The reports provided by IBKRAM are not statements but simply tools Clients should use in evaluating the performance of their investments and are not intended to replace the statements received from the custodian of assets, IB LLC. If Clients discover any discrepancy between the account statements provided by IBKRAM and that provided by IB LLC, then they should contact IBKRAM immediately.

Item 16: Investment Discretion

As authorized in the IBKRAM Client Agreement, IBKRAM assumes discretionary authority over Client assets placed with IBKRAM for management. This is done via a power of attorney granting IBKRAM the ability to initiate financial transactions and trades on behalf of its Clients in order to execute trades in Portfolios Clients invest in. This grant of investment discretion allows IBKRAM to place trades in client accounts without contacting Clients before each trade. In all cases, however, IBKRAM's discretion will be exercised in a manner consistent with the investment objectives, risk tolerance and risk score for the particular client account. Clients maintain authority to revise their answers to the risk assessment questionnaire, change their investment status, and to have restrictions placed on the securities to be bought or sold for their account.

IBKRAM uses its best judgment and good faith efforts in rendering services to clients. But IBKRAM cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment decision or recommendation made by IBKRAM will be profitable. IBKRAM Clients assume all market risk involved in the investment of account assets under the Investment Management Agreement and understand that investment decisions made by IBKRAM in Client accounts are subject to various market, currency, economic, political and business risks.

IBKRAM Clients are responsible for advising IBKRAM of any changes in their financial situation or investment objectives.

No self-directed trading available

Clients should understand that the IBKRAM platform is a discretionary investment advisory program and not a self-directed brokerage service. Unlike self-directed brokerage accounts, IBKRAM clients do not enter individual buy and sell orders for specific securities to be executed at particular times. In accordance with the discretionary trading authority granted IBKRAM by Clients, once a Client selects a Manager or an IBKRAM Portfolio to invest in, the Client may not alter the Portfolio or the trades in his account that is invested in that Portfolio except to restrict the trading of specific tickers or securities in his account. Clients may terminate their investment in a Portfolio at any time and invest in another Portfolio available on the IBKRAM platform or choose not to invest in any Portfolio. If a client wants to control the specific time and securities to be bought and sold in his account, he should not use IBKRAM's services or should execute separate self-directed trades in a separate partition of the client's IB LLC brokerage account or another brokerage account.

IBKRAM Clients may restrict the tickers or securities traded in their account at any time and IBKRAM will honor these restrictions when mirroring the trading in portfolio Clients choose to invest in if such restrictions are received in a timely fashion before IBKRAM places trades in Client accounts. Clients should understand that imposing restrictions on future investments and selling any existing holdings in a portfolio may affect the performance of a client's account negatively or positively and lead to that account performing differently and possibly worse than the Manager or IBKRAM account trading that portfolio or other client accounts invested in the same portfolio.

Item 17: Voting Client Securities

IBKRAM has revised the Investment Management Agreement to obtain authority from its clients to receive proxy materials and vote client proxies. IBKRAM has also adopted proxy voting policies and procedures designed to ensure that it votes proxies in the best interest of its clients and that it provides clients with information about how their proxies are voted.

In light of its fiduciary duty to clients, the complexity of the issues that may be raised with proxy votes and the relatively large number of unique holdings that clients may hold in their accounts as a result of investments in portfolios on the platform, IBKRAM has retained Institutional Shareholder Services Inc. ("ISS") to vote client proxies. ISS is an independent third party that specializes in providing a variety of fiduciary-level proxy-related services to institutional investment managers and investment advisors. The services provided by ISS to IBKRAM include in-depth research, voting recommendations, vote execution and recordkeeping. ISS's Proxy Voting Guidelines (Benchmark Policy Recommendations) for the United States guiding ISS's proxy voting on IBKRAM's behalf are available on the ISS website: https://www.issgovernance.com/policy-gateway/voting-policies/

At times, IBKRAM and/or ISS may not be able to vote proxies on behalf of clients when clients' holdings are in countries that restrict trading activity around proxy votes or the securities are otherwise restricted. Also, IBKRAM will not be responsible or liable for failing to vote any proxies where it has not received the proxies or related shareholder communications on a timely basis.

IBKRAM will use its best judgment to vote proxies in the best interests of its clients and will typically follow the recommendations of ISS. In the event that IBKRAM decides to vote a proxy (or a particular proposal within a proxy) in a manner different from the ISS recommendation, IBKRAM will document the reasons supporting the decision. In the event that Covestor intends to deviate from the proxy voting recommendation of ISS and a conflict of interest is present, Covestor shall bring the proxy voting issue to the attention of affected clients for guidance on how to vote the proxy while disclosing the conflict.

Clients may obtain a copy of IBKRAM's Proxy Voting Policies and Procedures and information about how client proxies were voted by calling us at (866) 825-3005 or emailing us at clientservices@ibkram.com.

IBKRAM will neither advise nor act on behalf of any client in legal proceedings involving companies whose securities are held or were previously held in the client's account, including but not limited to, the filing of "Proofs of Claim" in class action settlements.

Item 18: Financial Information

IBKRAM does not require or solicit the prepayment of its advisory fees, and does not have any adverse financial condition or financial commitment that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients. IBKRAM has never been the subject of a bankruptcy proceeding.

IBKRAM is not self-sustaining through its advisory fee revenue alone, and is financially supported by IBG LLC, through periodic unsecured loans. Clients may obtain information about the financial condition of Interactive Brokers Group, Inc. by visiting the Group's website at https://investors.interactivebrokers.com/ir/main.php

Item 19: Requirements for State-Registered Advisers

Because our principal place of business is outside the U.S., in the United Kingdom, and we are an investment adviser registered with the SEC, IBKRAM is not required to register with the individual states. IBKRAM qualifies to register directly with the U.S. Securities and Exchange Commission. However, IBKRAM makes notice filings in states that require such notice under state "Blue Sky" laws.

AML Officer Contact Information

IBKRAM's AML Officer is Andrew Marchment, Level 20 Heron Tower, 110 Bishopsgate, London EC2N 4AY, United Kingdom, 44 203 787 9250.

This brochure supplement provides information about Joseph Sullivan that supplements Interactive Brokers Asset Management's brochure. You should have received a copy of that brochure. Please contact us at 1-866-825-3005 if you did not receive Interactive Brokers Asset Management's brochure or if you have any questions about the contents of this supplement. Additional information about Joseph Sullivan is available on the SEC's website at www.adviserinfo.sec.gov.

Part 2B: Brochure Supplement

Joseph Sullivan

Covestor Limited doing business as "Interactive Brokers Asset Management," "IB Asset Management" and "IBKR Asset Management"

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June 4, 2018

Joseph Sullivan, Director, Manager Relations

Born 1985

Educational Background:

Emmanuel College, 9/2003 to 5/2007, B.A. Economics and Management

Business Experience:

Covestor doing business as Interactive Brokers Asset Management, Director, Manager Relations - 7/2014 - Present
NGAM, Investment Consultant - 5/2012 - 7/2014
JPMorgan, Investment Specialist - 1/2008 - 5/2012

Professional Certifications:

FINRA Series 7, 63 and 66

Joseph is supervised by Sanjoy Ghosh, Chief Investment Officer. He reviews Joseph's work on an ongoing basis along with Joseph's activities through our investment management systems. All inquiries should be directed to Sanjoy Ghosh at (866) 825-3005 x 702.

This brochure supplement provides information about John Dahlstrom that supplements Interactive Brokers Asset Management's brochure. You should have received a copy of that brochure. Please contact us at 1-866-825-3005 if you did not receive Interactive Brokers Asset Management's brochure or if you have any questions about the contents of this supplement. Additional information about John Dahlstrom is available on the SEC's website at www.adviserinfo.sec.gov.

Part 2B: Brochure Supplement

John Dahlstrom

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June 4, 2018

John Dahlstrom, Director, Client Relations

Born 1982

Educational Background:

Suffolk University, 09/2000 to 05/2004, B.A. – Finance

Business Experience:

Covestor doing business as Interactive Brokers Asset Management, Client Adviser, 07/2015 – present
NGAM - Investment Consultant - 03/2011 - 07/2015
MSSB - Client Service Associate - 06-2003 - 02-2011

Professional Certifications:

FINRA Series 7, 63 and 66

John is supervised by Sanjoy Ghosh, Chief Investment Officer. He reviews John's work on an ongoing basis along with John's activities through our investment management systems. All inquiries should be directed to Sanjoy Ghosh at (866) 825-3005 x 702.

This brochure supplement provides information about Sanjoy Ghosh that supplements Interactive Brokers Asset Management's brochure. You should have received a copy of that brochure. Please contact us at 1-866-825-3005 if you did not receive Interactive Brokers Asset Management's brochure or if you have any questions about the contents of this supplement. Additional information about Sanjoy Ghosh is available on the SEC's website at www.adviserinfo.sec.gov.

Part 2B: Brochure Supplement

Sanjoy Ghosh

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Sanjoy Ghosh, Chief Investment Officer

Born 1973

Educational Background:

Colgate University, B.A., Economic and Math, 1992 - 1996
Wharton, University of Pennsylvania, M.A, and Ph.D, Finance, 1996 - 2000

Business Experience:

Covestor Ltd doing business as Interactive Brokers Asset Management, Chief Investment Officer, 05/2013 – Present
Panagora Asset Management, Director, Equities, 7/2004 - 4/2013

Professional Certifications:

FINRA Series 65

Disciplinary Information:

None

Other Business Activities:

None

Additional Compensation:

None

This brochure supplement provides information about Bimal Shah that supplements Interactive Brokers Asset Management's brochure. You should have received a copy of that brochure. Please contact us at 1-866-825-3005 if you did not receive Interactive Brokers Asset Management's brochure or if you have any questions about the contents of this supplement. Additional information about Bimal Shah is available on the SEC's website at www.adviserinfo.sec.gov.

Part 2B: Brochure Supplement

Bimal Shah

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Bimal Shah, Chief Technology Officer

Born 1969

Educational Background:

King's College, University of London, B.Sc. (1st Hons.), Physics and Computer Science, 1986 - 1989
Queen Mary University of London, M.Sc. (Distinction), Computer Science, 1999 - 2000

Business Experience:

Covestor Ltd doing business as Interactive Brokers Asset Management, Chief Technology Officer, 09/2008 – Present
Betfair, Engineering and Product Manager, 04/2005 - 08/2008
Thinkingcap Technology, Founder, 01/1999 - 03/2005
D.E.Shaw & Co., Group Manager and Architect, Financial Data, 10/1996 - 12/1998
Accenture, Consultant and Manager, 01/1991 - 09/1996

Disciplinary Information:

None

Other Business Activities:

None

Additional Compensation:

None