



Islamorada

Investment Management

Firm Brochure - Form ADV Part 2A

This brochure provides information about the qualifications and business practices of Islamorada Investment Management, LLP (hereinafter "Islamorada" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at (305) 522-1333 or by email at: csmith@islainvest.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about the firm is also available on the SEC's website at www.adviserinfo.sec.gov. Islamorada's CRD number is: 146930.

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Registration does not imply a certain level of skill or training.

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Item 2: Material Changes

There are no material changes to this Form ADV Part 2A from the last filing dated 03/06/2023.

Material changes relate to Islamorada Investment Management's policies, practices, or conflicts of interests.

Item 3: Table of Contents

Item 1: Cover Page	
Item 2: Material Changes	i
Item 3: Table of Contents	ii
Item 4: Advisory Business	3
Item 5: Fees and Compensation	6
Item 6: Performance-Based Fees and Side-By-Side Management.....	8
Item 7: Types of Clients.....	8
Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss.....	8
Item 9: Disciplinary Information.....	11
Item 10: Other Financial Industry Activities and Affiliations	11
Item 11: Code of Ethics.....	12
Item 12: Brokerage Practices.....	13
Item 13: Reviews of Accounts.....	15
Item 14: Client Referrals and Other Compensation.....	15
Item 15: Custody	16
Item 16: Investment Discretion	16
Item 17: Voting Client Securities.....	17
Item 18: Financial Information	18
Item 19: Requirements For State Registered Advisers	18

Item 4: Advisory Business

Islamorada is a value investing firm, meaning the Firm envisions the purchase of assets as a long-term partial ownership position in a business, not as a transitional relationship that changes daily. Islamorada manages others' money the same way it would manage its own and because of that the Chief Investments Officer studies an investment carefully prior to investing.

Islamorada offers a variety of advisory services, which primarily includes investment and portfolio management. Prior to the rendering of any of the foregoing advisory services, clients are required to enter into one or more written agreements with Islamorada setting forth the relevant terms and conditions of the advisory relationship (the "Agreement"). The Firm believes that all material conflicts of interest regarding Islamorada, its Supervised Persons (defined below) and employees which could reasonably be expected to impair its rendering of unbiased objective advice to an advisory client under Section 260.238(k) of the California Code of Regulations have been disclosed.

Islamorada has been an independent registered investment adviser since August 8, 2008 and is principally owned by Cale Michael Smith. Mr. Smith has innovated an alternative method of investment termed a Spoke Fund® (described in more detail below). While it is neither a mutual fund nor a hedge fund, it combines certain elements of both that the Firm believes to be the best parts of mutual funds, hedge funds and separately managed accounts. Because a client can expect to have an opportunity to make reasonable restrictions, to have annual contact and will maintain the indicia of ownership of the underlying assets, the service offering operates like a separately managed account and there is no regulatory requirement to provide offering documents. Rather, the Firm believes it has provided a more transparent method of investing that takes more concentrated positions, seeking narrowly targeted securities, while limiting tax inefficiencies. As of December 31, 2021, Islamorada had \$ 53,792,686.00 of assets under management, all of which was managed on a discretionary basis.

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

Financial Planning Services

The Firm may provide clients with a broad range of financial planning services, which may include any or all of the following functions:

- Cash Flow/Budgeting
- Asset Allocation
- Estate Planning
- Risk Assessment
- Tax Planning
- Retirement Planning
- Business Planning
- Insurance Needs Analysis
- Charitable Giving
- Education Planning

In performing these services, Islamorada is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. In providing certain of these services, clients retain discretion over decisions regarding implementation.

Investment Management Services

In regard to portfolio management services, Islamorada offers its primary services pursuant to two types of investment strategies. The Firm manages five portfolios, the Tarpon Folio, Gecko Folio, Frigate Folio, Treasure Harbor Folio and Yellowtail Folio. The portfolios are called "Spoke Fund®" though they are not mutual funds, nor are they hedge funds. A Spoke Fund®, a registered trademark of Islamorada Investment Management, LLP, is short for "hub and spoke." These portfolios are not mutual funds as the client will maintain the indicia of ownership in the underlying securities and may be able to request reasonable restrictions be placed on the portfolio. The portfolio manager's model portfolio is the "hub" - an independently held brokerage account synchronized through technology to a tracking account within minutes of creation, or 'funded model'. The "spokes" represent investors' accounts. Accounts are held at an independent custodian that offers advisers a trading platform enabling the use of model portfolios. Any changes made in the model create trades that are simultaneously mirrored pro-rata across all investor accounts that are synchronized to that model, including the portfolio manager's own personal account(s). The Firm primarily allocates client assets through these Folios among various individual equity securities as well as some exchange-traded funds ("ETFs") and publicly traded master limited partnerships ("MLPs"), all in accordance with the investment objectives of its individual clients. In addition, Islamorada may also recommend that clients who qualify as accredited investors, or qualified investors as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios.

Tarpon Folio

The Tarpon Folio invests in U.S. equities that have underappreciated strengths trading at inexpensive valuations. Islamorada does not attempt any economic forecasting in the Folio, nor does Islamorada obsess over short-term results - whether good or bad.

Gecko Folio

The Gecko Folio contains U.S. stocks, holding a concentrated number of equities, publicly traded oil and gas pipeline MLPs and closed-end funds. The Gecko Folio is built solely for taxable accounts, as opposed to tax-deferred accounts.

Frigate Folio

The Frigate Folio invests in international stocks via American Depositary Receipts ("ADRs") or equivalents that are available for purchase on US exchanges or over-the-counter. The Frigate Folio is constructed with an emphasis on country and industry diversification.

Treasure Harbor Folio

The Treasure Harbor Folio invests in international stocks via ADRs or equivalents that are available for purchase on US exchanges or over-the-counter. The Treasure Harbor Folio is built mostly for taxable accounts, as opposed to tax-deferred accounts.

Yellowtail Folio

The Yellowtail Folio invests in mid and small-capitalization international stocks purchased in local country exchanges. Stocks selected are expected to generate greater capital appreciation than comparable international indices.

Other

Clients may also engage Islamorada to advise on certain investment products that are not maintained at their primary custodian, such as assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Islamorada directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the custodian designated by the product's provider.

Islamorada tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. Islamorada does not limit its advice to any specific securities. Islamorada consults with clients on an initial and ongoing basis to develop an Investment Policy Statement ("IPS"), which will address their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify Islamorada if there are changes in their financial situation or if they wish to place

any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Islamorada determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm’s management efforts.

Islamorada has the following assets under management:

Discretionary Amounts:	Non-Discretionary Amounts:	Date Calculated:
\$ 55,663,832	\$ 0	01/26/2023

Item 5: Fees and Compensation

Islamorada offers its services on a fee basis, which typically are fees based upon assets under management or advisement. Lower fees for comparable services may be available from other sources.

Investment Management Fees

Islamorada provides investment management services for an annual fee based on the amount of assets under the Firm’s management.

Portfolio Value	Annual Fee
All assets	1.25%

The annual fee is prorated and charged monthly in arrears, based upon the average daily market value of the assets being managed by Islamorada on the last day of the month each month.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding balance is charged to the client or the unearned portion is refunded to the client, as appropriate.

Clients may terminate their accounts without penalty, for full refund, within five (5) business days of signing the advisory contract. Thereafter, clients may terminate their account with ten (10) days’ written notice.

Project-Based Financial Planning Fees

Islamorada charges an hourly fee of between \$250 to \$500 based on the client's needs and the complexity of the plan. Fees may be charged in advance although never more than \$500 in advance and six months prior to services rendered. Any advance fees may be returned on a pro-rata basis upon termination by the client prior to the completion of the plan.

Ongoing Financial Planning

Ongoing Financial Planning consists of a \$199 monthly fee paid monthly in arrears. Fees for this service may be paid by credit card, electronic funds transfer or check. This service may be terminated with 30 days' notice. Since fees are paid in arrears, no refund will be needed upon termination of the account. Services provided to subscribers will be as outlined in the client subscription agreement.

Fee Discretion

Islamorada, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

Additional Fees and Expenses

In addition to the advisory fees paid to Islamorada, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "*Financial Institutions*"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, charges imposed directly by an ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

Fee Debit

Clients generally provide Islamorada with the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The *Financial Institutions* that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Islamorada. As required by applicable state securities laws, Islamorada also sends clients an itemized summary detailing the advisory fees deducted from their accounts. Alternatively, clients may elect to have Islamorada send them an invoice for direct payment. Fees may also be collected through third-party billing services such as AdvicePay.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to

Islamorada's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Islamorada, subject to the usual and customary securities settlement procedures. However, Islamorada designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Islamorada may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees and/or tax ramifications.

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

Islamorada does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

Item 7: Types of Clients

Islamorada provides its services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

Minimum Portfolio Size

As a condition for starting and maintaining an investment management relationship, Islamorada generally imposes a minimum portfolio size of \$100,000. Certain legacy clients may have lower minimums.

The Firm, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationships, account retention and *pro bono* activities. Islamorada only accepts clients with less than the minimum portfolio size if, in the sole opinion of the Firm, the smaller portfolio size will not result in a substantial increase of investment risk beyond the client's identified risk tolerance. Islamorada may aggregate the portfolios of family members to meet the minimum portfolio size.

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

Methods of Analysis

Islamorada primarily utilizes a fundamental method of analysis.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular company. For Islamorada, this process typically involves an

analysis of company's past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Investment Strategies

Tarpon Folio

Islamorada seeks companies with attractive owner's earnings, a large margin of safety and a significant chance for large gains over the long-term. Islamorada pays particular attention to the company's financial fundamentals and competitive positioning. All companies held are domestically listed. Islamorada also looks for opportunities among companies experiencing forced selling by their current investors, which might include spin-offs, low-priced companies, broken IPOs, and/or companies emerging from bankruptcy. Islamorada does not attempt any economic forecasting in the Folio, nor does Islamorada obsess over short-term results.

Gecko Folio

The portfolio holds a concentrated number of equities, publicly traded oil and gas pipeline companies called MLPs, or master limited partnerships, and closed-end funds. Islamorada's criteria for equities included in the Gecko Folio include dependable earnings, a large margin of safety, a wide moat around the business and a safe, attractive and growing dividend. Closed-end funds require additional analysis. All equities are domestic U.S. or European companies. The Gecko Folio is built solely for taxable accounts, as opposed to tax-deferred accounts.

Frigate Folio

Stocks selected are perceived to be trading at attractive valuations versus their history and/or their sector and to display strong or improving fundamentals. Current price divided by expected earnings per share (forward price to earnings ratio) is a key metric, although price to cash flow, price to book and yield may be considered. To calculate future earnings, the portfolio manager relies on management's estimates, third-party research and independent investigation. The Frigate Folio is constructed with an eye to country and industry diversification. The Frigate Folio can be invested in via both taxable and tax-deferred accounts, although due to foreign company withholding taxes, investors with taxable accounts may not realize all of the ADRs stated dividend yield.

Treasure Harbor Folio

Stocks selected are expected to generate dividend yield greater than the broad international indices. Expected dividends are calculated utilizing management's estimates, third-party research and the portfolio manager's investigation. The Treasure Harbor Folio is constructed from the bottom-up with country and industry diversification a result of the research process. The Treasure Harbor Folio is built primarily for taxable accounts, as opposed to tax-deferred accounts.

Yellowtail Folio

Yellowtail invests in international small capitalization stocks via purchase in local country exchanges. Stocks selected are expected to generate greater capital appreciation than comparable international indices. Stocks selected are perceived to be trading at attractive valuations versus their history and/or their sector and to display strong or improving fundamentals. The Yellowtail Folio is constructed from the bottom-up with country and industry diversification a result of the research process.

Risks of Loss

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

Market Risks

The profitability of a significant portion of Islamorada's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Islamorada will be able to predict those price movements accurately.

ETFs

An investment in an ETF involves risk, including the loss of principal. ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Master Limited Partnerships (MLPs)

Master Limited Partnerships ("MLPs") are collective investment vehicles, the partnership interests of which are publicly traded on national securities exchanges. MLPs invest primarily in companies within the energy sector that engage in qualifying lines of business, such as natural resource production and mineral refinement. MLPs are therefore subject to the underlying volatility of the energy industry and may be adversely affected by changes to supply and demand, regional

instability, currency spreads, inflation and interest rate fluctuations, among other such factors. In addition, MLPs operate as pass-through tax entities, meaning that investors are liable for their pro rata share of the partnership taxes, regardless of the types of accounts where the interests are held.

Real Estate Investment Trusts (REITs)

Islamorada may recommend an investment in, or allocate assets among, various real estate investment trusts ("REITs"), the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

Management Through Similarly Managed "Model" Accounts

Islamorada manages certain accounts through the use of similarly managed "model" portfolios, whereby the Firm allocates all or a portion of its clients' assets among various securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the Firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients' net after tax gains. While the Firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. Clients should contact Islamorada if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

Item 9: Disciplinary Information

Islamorada has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

Item 10: Other Financial Industry Activities and Affiliations

Neither Islamorada nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

Neither Islamorada nor its representatives are registered as or have pending applications to

become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

Item 11: Code of Ethics

Islamorada has adopted a code of ethics in compliance with applicable securities laws ("*Code of Ethics*") that sets forth the standards of conduct expected of its *Supervised Persons*. Islamorada's *Code of Ethics* contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its *Supervised Persons* and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The *Code of Ethics* also requires certain of Islamorada's personnel (called "*Access Persons*") to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, Islamorada *Supervised Persons* are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm's policies and procedures. This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Islamorada to request a copy of its *Code of Ethics*.

Item 12: Brokerage Practices

Islamorada generally recommends that clients utilize the brokerage and clearing services of FOLIO^{fn} INVESTMENTS, Inc. (*Folio*) and Interactive Brokers (*IB*) for investment management accounts.

Factors which Islamorada considers in recommending *Folio*, *IB* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by *Folio* or *IB* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Islamorada's clients comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Islamorada determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Islamorada seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Islamorada periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Islamorada in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution* and the Firm will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Islamorada (as described below). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Islamorada may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Islamorada decides to purchase or sell the same securities for several clients at approximately the same time. Islamorada may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Islamorada's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Islamorada's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Islamorada determines to aggregate client orders

for the purchase or sale of securities, including securities in which Islamorada's *Supervised Persons* may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Islamorada does not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Islamorada may exclude the account(s) from the allocation; the transactions may be executed on a *pro rata* basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Islamorada in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Islamorada does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

Islamorada may receive from *Folio* and/or *IB*, without cost to Islamorada, computer software and related systems support, which allow Islamorada to better monitor client accounts maintained at *Folio* or *IB*. Islamorada may receive the software and related support without cost because Islamorada renders investment management services to clients that maintain assets at *Folio* or *IB*. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit Islamorada, but not its clients directly. In fulfilling its duties to its clients, Islamorada endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Islamorada's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Islamorada's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

Item 13: Reviews of Accounts

Account Reviews

For those clients to whom Islamorada provides investment management services, Islamorada monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Principal of Islamorada, Cale M. Smith. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Islamorada and to keep Islamorada informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are held in custody. On a quarterly or as otherwise requested, clients may also receive written or electronic reports from Islamorada and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they receive from Islamorada or an outside service provider.

Item 14: Client Referrals and Other Compensation

Client Referrals

Islamorada does not compensate non-advisory personnel (solicitors) for client referrals.

Other Economic Benefits

In addition, Islamorada is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12 above.

Item 15:

Islamorada's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Islamorada through such *Financial Institution* to debit the client's account for the amount of Islamorada's fee and to directly remit that management fee to Islamorada in accordance with applicable custody rules. Islamorada will issue duplicate billing statements to clients in jurisdictions where required.

The *Financial Institutions* recommended by Islamorada have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Islamorada. In addition, as discussed in Item 13, Islamorada also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Islamorada.

When it deducts fees directly from client accounts at a selected custodian, Islamorada will be deemed to have limited custody of client's assets. For fees deducted directly from client accounts, in states that require it, Islamorada will:

- (A) possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- (B) send the qualified custodian written notice of the amount of the fee to be deducted from the client's account and verify that the qualified custodian sends invoices to the client.
- (C) send the client a written invoice itemizing the fee upon or prior to fee deduction, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Item 16: Investment Discretion

Islamorada is given the authority to exercise discretion on behalf of clients. Islamorada is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Islamorada is given this authority through a power-of-attorney included in the agreement between Islamorada and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Islamorada takes discretion over the following activities:

- The securities to be purchased or sold;

- The amount of securities to be purchased or sold; and
- When transactions are made.

Item 17: Voting Client Securities

Islamorada may vote client securities (proxies) on behalf of its clients. When Islamorada accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully- described in Islamorada's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in Islamorada's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact Islamorada to request information about how Islamorada voted proxies for that client's securities or to get a copy of Islamorada's Proxy Voting Policies and Procedures. A brief summary of Islamorada's Proxy Voting Policies and Procedures is as follows:

- Islamorada has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will generally vote proxies according to Islamorada's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure and corporate and social policy issues.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, Islamorada devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct Islamorada's vote on a particular solicitation but can revoke Islamorada's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that Islamorada maintains with persons having an interest in the outcome of certain votes, Islamorada takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

Item 18: Financial Information

Islamorada is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$500 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19: Requirements For State Registered Advisers

Principal Executive Officer and Management Person

CALE MICHAEL SMITH

Born 1972

Post-Secondary Education

College of William & Mary | MBA, Operations | 1998

United States Coast Guard Academy | B.S., Management | 1994

Recent Business Background

Islamorada Investment Management, LLP | Managing Partner | May 2008 – Present

Outside Business Activities

Cale Michael Smith's outside business activities are listed in his ADV 2B

Performance Based Fees

Islamorada does not accept performance-based fees.

Disciplinary Disclosures

Islamorada has no disciplinary disclosures.

Relationships with Issuers of Securities

Islamorada does not have any material relationships with issuers of securities.