

Item 1: Cover Page



Form ADV Part 2A Appendix 1 – Wrap Fee Program Brochure

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Dated: September 3, 2026

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Southernmost Advisors LLC. If you have any questions about the contents of this Brochure, please contact us at (305)768-4440. 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.

Southernmost Advisors LLC is a registered investment adviser. Registration does not imply a certain level of skill or training.

Additional information about Southernmost Advisors LLC also is available on the SEC's website at www.adviserinfo.sec.gov, which can be found using the firm's identification number, 340372.

Item 2: Material Changes

Since becoming registered on May 14, 2026, the following changes have occurred:

- Interactive Brokers has been added in Item 12 as a custodian recommended by SMA.
- The firm's phone number has changed.
- Orion Portfolio Solutions, LLC has been added as an Outside Manager.
- Fee billing for Investment Management and Wealth Management services has been changed to arrears.

In the future, any material changes made during the year will be reported here.

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Item 4: Services, Fees and Compensation

Description of Our Services

We offer wrap fee programs as described in this Wrap Fee Program Brochure. Our wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

As used in this brochure, the words "SMA", "we", "our firm", "Advisor" and "us" refer to Southernmost Advisors LLC and the words "you", "your" and "Client" refer to you as either a client or prospective client of our firm.

Types of Advisory Services

Investment Management Services

Our firm provides continuous advice to a Client regarding the investment of Client funds based on the individual needs of the Client. Through personal discussions in which goals and objectives based on a Client's particular circumstances are established, we develop a Client's personal investment policy or an investment plan with an asset allocation target and create and manage a portfolio based on that policy and allocation targets. We will also review and discuss a Client's prior investment history, as well as family composition and background. Account supervision is guided by the stated objectives of the Client (e.g., maximum capital appreciation, growth, income, or growth and income), as well as risk tolerance and tax considerations.

We primarily advise our Clients regarding investments in stocks, bonds, real estate, mutual funds, ETFs, U.S. government and municipal securities, and cash and cash equivalents. We may also provide advice regarding investments held in Client's portfolio at the inception of our advisory relationship and/or other investment types not listed above, at the Client's request.

When we provide investment management services, Clients grant us limited authority to buy and sell securities on a discretionary basis. Clients may impose reasonable restrictions in writing on investing in certain securities, types of securities, or industry sectors.

When appropriate, we utilize the services of one or more independent investment managers or independent investment management programs ("Outside Managers") to assist with the management of Client accounts. The Outside Managers we recommend may engage our firm directly to provide sub-advisory services to client account(s) and/or may be accessible to our firm through an investment platform offered through your Custodian. We will continue to serve as Client's primary advisor for the ongoing monitoring of the account(s) and the determination of the suitability of the Outside Manager's overall investment program and/or strategies. We will recommend adjustments to your account(s) when we believe such changes are in your best interests. Our review process and analysis of Outside Managers is further discussed in Item 8 of this Brochure.

Orion Portfolio Solutions, LLC SMA may manage portfolios through a program sponsored by Orion Portfolio Solutions, LLC ("OPS"). The terms and conditions under which the client shall engage OPS

shall be set forth in separate written agreements between (1) the client and SMA and (2) the client and OPS. SMA shall continue to render advisory services to the client relative to the ongoing monitoring and review of account performance, for which SMA shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by OPS. Factors that SMA shall consider in recommending OPS include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. In addition to SMA's written disclosure statement, the client shall also receive the written disclosure statement of OPS. Clients should review OPS's ADV Part 2 or Terms of Use for additional details regarding services.

Wealth Management Services

Wealth Management encompasses investment management services and full service financial planning. Our firm provides continuous advice to a Client regarding the investment of Client funds based on the individual needs of the Client. Through personal discussions in which goals and objectives based on a Client's particular circumstances are established, we develop a Client's personal investment policy or an investment plan with an asset allocation target and create and manage a portfolio based on that policy and allocation targets. We will also review and discuss a Client's prior investment history, as well as family composition and background. Account supervision is guided by the stated objectives of the Client (e.g., maximum capital appreciation, growth, income, or growth and income), as well as risk tolerance and tax considerations.

We primarily advise our Clients regarding investments in stocks, bonds, real estate, mutual funds, ETFs, U.S. government and municipal securities, and cash and cash equivalents. We may also provide advice regarding investments held in Client's portfolio at the inception of our advisory relationship and/or other investment types not listed above, at the Client's request.

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Included in wealth management services is, at the client's election and subject to a minimum fee, financial planning services. A Client will be taken through establishing their goals and values around money. Clients will be required to provide pertinent information to help complete the following areas of analysis: net worth, cash flow, credit scores/reports, employee benefits, retirement planning, insurance, investments, college planning, taxes and estate planning. Once the Client's information is reviewed, then the findings, analysis and potential changes to their current situation will be outlined and delivered to the Client.

Investment Advisory Services Wrap Fee Program Fee Schedule

Investment Management Services

Standard Advisory Fees

We charge an annual flat fee of 1.50% of assets under management. The fee is based on a percentage of assets under management and is negotiable. The annual advisory fee is paid monthly in arrears based on the average daily balance of the Client's account(s). The formula for the monthly fee is determined by the following calculation: $(\$100,000 \times 1.50\%) \div 12$. If SMA utilizes an Outside Manager, the above fee schedule includes the Outside Manager's fee.

Performance Based Fee

In addition, for Qualified Investors as described in Item 6 of this brochure, a performance-based fee may be applied to certain asset management strategies. The performance based fee is up to 33% of outperformance over the agreed upon benchmark. This additional performance-based fee is calculated as per agreed interval and will be outlined in the Advisory Contract. The Annual Performance Fee is in addition to the standard advisory fee disclosed above.

Wealth Management Services

Standard Advisory Fees

We charge an annual flat fee of 1.50% of assets under management. The fee is based on a percentage of assets under management and is negotiable. The annual advisory fee is paid monthly in arrears based on the average daily balance of the Client's account(s). The formula for the monthly fee is determined by the following calculation: $(\$100,000 \times 1.50\%) \div 12$. Clients who elect to engage the firm for comprehensive financial planning services are subject to a minimum monthly fee of \$599. This minimum financial planning

fee can be satisfied (offset) with investment management fees generated through the firm's maximum 1.5% of client AUM. Because this \$599 monthly minimum applies to the comprehensive engagement, clients with lower assets under management will pay an effective annual fee percentage that exceeds 1.5%, which may be higher than industry averages for standard investment advisory services. If SMA utilizes an Outside Manager, the above fee schedule includes the Outside Manager's fee.

Performance Based Fee

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SMA relies on the valuation as provided by Client's custodian in determining assets under management. Our advisory fee is prorated for any partial billing periods occurring during the engagement, including the initial and terminating billing periods.

We deduct our advisory fee from one or more account(s) held at an unaffiliated third-party custodian, as directed by the Client.

The Advisory Contract may be terminated with written notice 30 calendar days in advance. Since fees are paid in arrears, no refund will be needed upon termination of the Advisory Contract. Clients will be responsible for payment of fees based on the number of days in which services were provided up to the date of termination.

Additional bundled Service Cost Considerations

A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include portfolio management and the fee is not based directly upon transactions in the client's account. The client's fee is bundled with our costs for executing transactions in his or her account(s). This results in a higher advisory fee. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.

Additional Expenses Not Included in the Wrap Program Fee

You may pay internal management fees (charges imposed directly by a mutual fund, index fund, or exchange-traded fund) which shall be disclosed in the fund's prospectus, mark-ups and mark-downs, spreads paid to market makers, wire transfer fees, stock transfer fees, and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap fee you are charged by our firm.

Compensation

Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly as a percentage of your overall fee or as their salary from our firm. SMA does not manage non-wrap accounts. We do not pay any referral fees or additional compensation of any kind with respect to referrals of clients to our firm for portfolio management services offered under our Wrap Fee program.

The advisory fee is not directly tied to compensation paid to the portfolio manager. SMA has one portfolio manager, William Pauley, who is paid a fixed salary and discretionary owner's draw.

Item 5: Account Requirements and Types of Clients

We provide financial planning and investment management services to individuals, businesses, other investment advisors, non-profits and charitable organizations.

We do not have a minimum account size requirement to open or maintain an account.

Item 6: Portfolio Manager Selection and Evaluation

Southernmost Advisors LLC Portfolio Managers

Our firm and William Pauley, act as a portfolio manager for the wrap fee program previously described in this Wrap Fee Program Brochure.

Conflicts of Interest Related to Use of In-House Portfolio Managers

You should be aware that because our in-house portfolio managers will manage your account, we have an incentive to evaluate their performance more favorably than we might otherwise if they were not affiliated with our firm. Likewise, because your portfolio manager is affiliated with our firm, we have a disincentive to terminate their services to your account or to take other negative action as a result of their failure to perform to our expectations.

Advisory Business

See Item 4 of this Wrap Fee Program Brochure for information about our wrap fee advisory programs.

Individual Tailoring of Advice to Clients

We tailor the delivery of our services to meet the individual needs of our Clients. We consult with Clients initially and on an ongoing basis, through the duration of their engagement with us, to determine risk tolerance, time horizon and other factors that may impact the Clients' investment and/or planning needs.

The Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities

Clients are able to specify, within reason, any restrictions they would like to place as it pertains to individual securities and/or sectors that will be traded in their account. All such requests must be provided to SMA in writing. SMA will notify Clients if they are unable to accommodate any requests.

Participation in Wrap Fee Programs

All accounts are managed through our Wrap Fee Program.

When appropriate, we may offer certain clients the option of being charged a performance-based fee for our investment management services. To be eligible for performance-based fees, the Client must meet the definition of a “qualified client” as such term is defined under Rule 205-3 of the Investment Advisers Act of 1940. Generally, a qualified client is a person who has at least \$1,100,000 of assets under management with us or who has a net worth over \$2,200,000, either alone or together with a spouse (excluding the value of the person’s primary residence). This definition is based on current rules and regulations and is subject to change outside of our control.

We may manage accounts that are subject to performance-based fees while at the same time managing accounts (perhaps with similar objectives) that are not charged performance-based fees (“side-by-side management”). Performance-based fees and side-by-side management create conflicts of interest, which we have identified and described in the following paragraphs.

Performance-based fee arrangements may create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent such arrangements. In order to address this potential conflict of interest, SMA periodically reviews client accounts to ensure that investments are suitable and that the account is being managed according to the client’s investment objectives and risk tolerance.

Side-by-side management might provide an incentive for our firm to favor accounts for which we receive a performance-based fee. For example, we may have an incentive to allocate limited and or high growth investment opportunities to clients who are charged performance-based fees over clients who are charged asset-based fees only. To address this potential conflict of interest, we have instituted policies and procedures that require our firm to allocate investment opportunities (if they are suitable) in an effort to avoid favoritism among our clients, regardless of whether the client is charged performance fees.

Below is a brief description of our methods of analysis and primary investment strategies:

Methods of Analysis

Systematic Fundamental Analysis (Evidence-Based Investing) Our firm manages portfolios using a systematic, evidence-based approach to investment management. Rather than relying on subjective human forecasting or discretionary stock-picking, our methodology is heavily informed by decades of academic research and financial science.

We analyze broad market data to identify fundamental characteristics that have historically driven long-term expected returns. Once these fundamental drivers are identified, we utilize proprietary, rules-based models to systematically construct and manage portfolios.

Investment Strategy Our core investment strategy aims to capture specific dimensions of higher expected returns while maintaining broad diversification and minimizing the costs and frictions typically associated with active management.

By systematically applying fundamental data through a rules-based framework, the firm operates similarly to an "enhanced index." This approach is designed to deliberately tilt client portfolios toward securities with favorable fundamental characteristics, while ruthlessly controlling for risk, unnecessary turnover, and tax inefficiencies. We primarily implement this strategy utilizing individual securities and when appropriate cost effective Exchange-Traded Funds (ETFs).

Specific Risks of Systematic and Model-Driven Investing While our strategies are grounded in fundamental evidence, the systematic implementation of these strategies carries specific risks:

1. **Data Integrity and Implementation Risk:** Our investment process relies on broad market data and fundamental inputs from third-party providers. While the firm employs robust data validation and cleaning protocols to ensure accuracy before execution, systematic strategies inherently remain exposed to the risk of undetected data anomalies, vendor feed disruptions, or technological friction.
2. **Regime Shift and Market Dynamics:** Our models are mathematically engineered to adapt to evolving market dynamics and changing economic conditions. However, financial markets can occasionally experience unprecedented regime shifts or extreme "black swan" events. During these periods, market behavior may diverge significantly from the historical fundamental evidence upon which the strategies are built, which could lead to periods of underperformance until the system adapts.
3. **Over-fitting and Historical Reliance:** The firm utilizes rigorous statistical techniques and risk management protocols designed to prevent "over-fitting" during the research and model construction phase. Despite these mathematical safeguards, there remains an inherent risk that historical fundamental relationships and asset class premiums may not perfectly persist or materialize in future market environments.

Fundamental analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that the information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Modern Portfolio Theory (MPT)

The underlying principles of MPT are:

- Investors are risk averse. The only acceptable risk is that which is adequately compensated by an expected return. Risk and investment return are related and an increase in risk requires an increased expected return.
- Markets are efficient. The same market information is available to all investors at the same time. The market prices every security fairly based upon this equal availability of information.
- The design of the portfolio as a whole is more important than the selection of any particular security. The appropriate allocation of capital among asset classes will have far more influence on long-term portfolio performance than the selection of individual securities.
- Investing for the long-term (preferably longer than ten years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface.

- Increasing diversification of the portfolio with lower correlated asset class positions can decrease portfolio risk. Correlation is the statistical term for the extent to which two asset classes move in tandem or opposition to one another.

Risks Associated with Modern Portfolio Theory: Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

Mutual Fund and/or ETF Analysis: We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other funds in the Client's portfolio. In addition, we monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable for the Client's portfolio.

Use of Outside Managers: We may refer clients to independent investment managers or independent investment management programs ("Outside Managers") offered by various sub-advisors to manage portions of a client's portfolio. The decision to use an Outside Manager is based on our assessment of the client's needs and objectives, and whether these solutions may be more appropriate than mutual funds or ETFs for certain portfolio allocations. Our due diligence and ongoing monitoring of Outside Managers involves evaluating their experience, expertise, investment philosophies, and historical performance to assess their ability to manage investments over various market cycles. We also review and monitor their underlying holdings, strategies, concentrations, and leverage as part of our periodic risk assessments. As part of our diligence process, we assess compliance infrastructure and enterprise-level business risks to help identify any operational concerns. Clients should be aware that past success by an Outside Manager or sub-advisor does not guarantee future performance. There is also a risk that these managers may deviate from their stated investment mandates, potentially making the strategy less suitable for our clients. Furthermore, because we do not oversee the daily business or compliance operations of these third parties, we may be unaware of deficiencies in internal controls that could lead to business, regulatory, or reputational risks.

Investment Strategies

Asset Allocation

In implementing our Clients' investment strategy, we begin by attempting to identify an appropriate ratio of equities, fixed income, and cash (i.e. "asset allocation") suitable to the Client's investment goals and risk tolerance.

A risk of asset allocation is that the Client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of equities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the Client's goals. We attempt to closely monitor our asset allocation models and make changes periodically to keep in line with the target risk tolerance model.

Passive and Active Investment Management

We may choose investment vehicles that are considered passive, active, or a combination of both styles.

Passive investing involves building portfolios that are composed of various distinct asset classes. The asset classes are weighted in a manner to achieve a desired relationship between correlation, risk and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio.

Active investing involves a single manager or managers who employ some method, strategy or technique to construct a portfolio that is intended to generate returns that are greater than the broader market or a designated benchmark. Actively managed funds are also designed to reduce volatility and risk.

We may engage in both passive and active investing in Client's portfolio. However, we strive to construct portfolios of funds and individual securities that we believe will have the greatest probability for achieving our Clients' personal financial goals with the least amount of volatility and risk rather than attempt to outperform an arbitrary index or benchmark.

Specific investment selections are based on a number of factors that we evaluate in order to select, what we believe to be, the highest quality funds or individual securities for our Clients. These factors include but are not limited to underlying holdings of funds, percentage weighting of holdings within funds, liquidity, tax efficiency, bid/ask spreads, and other smart/strategic beta factors. These factors may or may not result in the lowest cost ETFs and mutual funds available when utilizing funds in a Client's portfolio, but we strive to keep internal fund expenses as low as possible.

Long-term/Short-term purchases

We purchase securities and generally hold them in the Client's account for a year or longer. Short-term purchases may be employed as appropriate when:

- We believe the securities to be currently undervalued, and/or
- We want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Material Risks Involved

All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear. Many of these risks apply equally to stocks, bonds, commodities,

and any other investment or security. Material risks associated with our investment strategies are listed below.

Market Risk: Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

Strategy Risk: The Adviser's investment strategies and/or investment techniques may not work as intended.

Small and Medium Cap Company Risk: Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the Client's portfolio.

Turnover Risk: Actively managed mutual funds tend to have a higher turnover rate than passive funds. A high portfolio turnover would result in higher transaction costs and in higher taxes when shares are held in a taxable account. These factors may negatively affect the account's performance.

Limited markets: Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions, we may be unable to sell or liquidate investments at prices we consider reasonable or favorable or find buyers at any price.

Interest Rate Risk: Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

Legal or Legislative Risk: Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

Inflation: Inflation may erode the buying power of your investment portfolio, even if the dollar value of your investments remains the same.

Risks Associated with Investment Types

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

Bank Obligations including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

Commercial Paper is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default.

Common stocks may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

Corporate Bonds are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on factors such as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

Exchange Traded Funds prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected. ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above (premium) or below (discount) their net asset value and an ETF purchased at a premium may ultimately be sold at a discount; (ii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which the Clients invest.

Municipal Bonds are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

Mutual Funds When a Client invests in open-end mutual funds or ETFs, the Client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the Client will incur higher expenses, many of which may be duplicative. In addition, the Client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

Options and other derivatives carry many unique risks, including time-sensitivity, and can result in the complete loss of principal. While covered call writing does provide a partial hedge to the stock against which the call is written, the hedge is limited to the amount of cash flow received when writing the option. When selling covered calls, there is a risk the underlying position may be called away at a price lower than the current market price.

Private Placements and Real Estate Investments Our firm may recommend or allocate to private placements, which are unregistered securities offered to a limited number of qualified investors. These often include real estate-focused vehicles primarily structured as direct investments in properties or

development projects. Private placements, particularly in real estate, carry heightened risks compared to publicly traded securities, including:

- **Illiquidity Risk:** Private placements are typically illiquid, with no active secondary market. Investors may be unable to sell or redeem their interests for extended periods (e.g., lock-up periods of several years), and redemptions, if available, may be limited, delayed, or subject to gates. Real estate investments can be especially illiquid due to the time required for property sales or appraisals.
- **Valuation Challenges:** Valuations of private placements and real estate assets are subjective and may rely on appraisals, models, or manager estimates rather than market prices. This can lead to discrepancies between reported values and actual realizable amounts, especially in volatile markets.
- **Market and Economic Risks Specific to Real Estate:** Real estate values can decline due to factors like rising interest rates, economic downturns, changes in local markets (e.g., oversupply, zoning issues), environmental concerns, or natural disasters. Leverage commonly used in real estate deals can magnify losses, potentially leading to foreclosure or total loss of investment.
- **Higher Fees and Expenses:** Private placements often involve higher management fees, performance fees (e.g., carried interest), and transaction costs, which can reduce returns. Real estate funds may also incur property-specific expenses like maintenance, taxes, or insurance.
- **Lack of Transparency and Regulatory Oversight:** Unlike public securities, private placements have limited disclosure requirements and are not subject to the same SEC scrutiny. This can increase risks of fraud, mismanagement, or third-party appraisers and are based on estimates. The actual realized value upon sale may be significantly lower than the estimated valuation.
- **Real Estate Market Risks:** Underlying real estate assets are subject to numerous risks, including economic downturns, changes in local property markets, fluctuations in interest rates, tenant defaults, zoning changes, and environmental liabilities.
- **Capital Call Risk:** Certain private investments require clients to commit capital upfront, which is then "called" over time by the manager. If a client fails to meet a capital call, they may face severe penalties, including the dilution or forfeiture of their existing investment.
- **Manager and Operational Risk:** The success of the investment relies heavily on the skill, experience, and execution of the private fund manager or sponsor. Furthermore, these investments often carry complex fee structures, including management fees and carried interest (performance fees), which can reduce overall returns.

Voting Client Securities

We do not vote client proxies. Therefore, the client maintains exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the client's investment assets. The client shall instruct the client's qualified custodian to forward to the client copies of all proxies and shareholder communications

relating to the client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

Item 7: Client Information Provided to Portfolio Manager

We are required to describe the information about you that we communicate to your portfolio manager(s) and how often or under what circumstances we provide updated information. Our firm communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, etc.) to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we will also communicate information to your portfolio manager(s) when you ask us to, when market or economic conditions make it prudent to do so, etc.

Item 8: Client Contact with Portfolio Manager

Our clients may directly contact their portfolio manager(s) with questions or concerns by calling the number on this Brochure.

Item 9: Additional Information

Disciplinary Information

We have determined that our firm and management have no disciplinary information to disclose.

Other Financial Industry Activities and Affiliations

Neither SMA or its management persons is registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither SMA or its management persons is registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

Neither SMA or its management persons have any relationship or arrangement with any outside financial industry related parties.

SMA recommends Clients to Outside Managers to manage their accounts; Clients will not pay an additional fee when an Outside Manager is used. Clients will receive a copy of the Outside Manager's Form ADV 2A, Firm Brochure, which also describes the Outside Manager's fee. You are not obligated, contractually or otherwise, to use the services of any Outside Manager we recommend. Moreover, SMA will only recommend an Outside Manager who is properly licensed or registered as an investment adviser.

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

As a fiduciary, our firm has a duty of utmost good faith to act solely in the best interests of each Client. Our Clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings. The firm also adheres to the Code of Ethics and Professional Responsibility adopted by the CFP® Board of Standards Inc., and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities. Additionally, SMA requires adherence to its Insider Trading Policy, and the CFA Institute's Asset Manager Code of Professional Conduct and Code of Ethics and Standards of Professional Conduct.

This Code of Ethics does not attempt to identify all possible conflicts of interest, and compliance with each of its specific provisions will not shield our firm or its access persons from liability for misconduct that violates a fiduciary duty to our Clients. A summary of the Code of Ethics' Principles is outlined below.

- Integrity - Access persons shall offer and provide professional services with integrity.
- Objectivity - Access persons shall be objective in providing professional services to Clients.
- Competence - Access persons shall provide services to Clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which they are engaged.
- Fairness - Access persons shall perform professional services in a manner that is fair and reasonable to Clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- Confidentiality - Access persons shall not disclose confidential Client information without the specific consent of the Client unless in response to proper legal process, or as required by law.
- Professionalism - Access persons conduct in all matters shall reflect the credit of the profession.
- Diligence - Access persons shall act diligently in providing professional services.

We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually. Our firm will provide a copy of its Code of Ethics to any Client or prospective Client upon request.

Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

Neither our firm, its access persons, or any related person is authorized to recommend to a Client or effect a transaction for a Client, involving any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, principal transaction, among others.

Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

Our firm, its access persons, and its related persons may buy or sell securities similar to, or different from, those we recommend to Clients. In an effort to reduce or eliminate certain conflicts of interest, our Code of Ethics may require that we restrict or prohibit access persons' transactions in specific reportable securities. Any exceptions or trading pre-clearance must be approved by SMA's Chief Compliance Officer in advance of the transaction in an account. SMA maintains a copy of access persons' personal securities transactions as required.

Trading Securities At/Around the Same Time as Client's Securities

From time to time our firm, its access persons, or its related persons may buy or sell securities for themselves at or around the same time as they buy or sell securities for Clients' account(s). To address this conflict, it is our policy that neither our firm or access persons shall have priority over Clients' accounts in the purchase or sale of securities.

The Custodian and Brokers We Use

Altruist

SMA offers investment advisory services through the custodial platform offered by Altruist Financial LLC, an unaffiliated SEC-registered broker-dealer and FINRA/SIPC member ("Altruist"). Custody, clearing, and execution services are provided by Altruist as a self-clearing broker-dealer. SMA's clients establish brokerage accounts through Altruist. SMA maintains an institutional relationship with Altruist whereby Altruist provides certain benefits to SMA, including a fully digital account opening process, a variety of available investments, and integration with software tools that can benefit SMA and its clients. SMA is not affiliated with Altruist.

Interactive Brokers

Interactive Brokers offers products or services other than execution that assist our firm in managing and administering client accounts. These may include software and other technology that provides access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), facilitate payment of our fees from clients' accounts, and assist with back office functions, record keeping and client reporting. These services may be used to service all or a substantial number of client accounts, including accounts not maintained at Interactive Brokers.

SMA may also receive services from Interactive Brokers that are intended to help our firm manage and further develop our business. These services may include website design and technology support. Interactive Brokers also has arrangements with various product vendors, which enable our firm to purchase their products at a discount. These products may include such items as: client reporting and consolidated statement software; client communication software; client relationship management software; compliance assistance; and investment research.

While the benefits we receive from Interactive Brokers does not depend on the amount of brokerage transactions directed to Interactive Brokers, as a fiduciary we are required to disclose that there is an inherent conflict of interest when our firm recommends that clients maintain their assets at Interactive Brokers. These recommendations may be based in part on the benefits we receive from Interactive Brokers, such as the availability of the above-mentioned products and services, and not solely on our clients' interest in receiving the most favorable execution.

Review of Accounts

Periodic Reviews

Clients will have their account(s) reviewed regularly on a quarterly basis by William Pauley, Founder and CCO. The account(s) are reviewed with regards to the Client's investment objectives and risk tolerance levels.

Triggers of Reviews

Events that may trigger a special review would be unusual performance, addition or deletions of Client-imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per Client's needs.

Review Reports

Clients will receive trade confirmations from the custodian(s) for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements from their custodian showing all activity in the accounts, such as receipt of dividends and interest.

SMA does not provide written performance or holdings reports to Investment Management and Wealth Management Clients outside of what is provided directly by their custodian.

Client Referrals

SMA is a fee-only firm that is compensated solely by its Clients. SMA does not receive commissions or other sales-related compensation. Except as mentioned above, we do not receive any economic benefit, directly or indirectly, from any third party for advice rendered to our Clients.

SMA does not, directly or indirectly, compensate any person that is not an employee for client referrals. SMA may, directly or indirectly, provide an employee compensation that is specifically related to obtaining clients for the firm (cash or non-cash compensation in addition to the employee's regular salary).

Financial Information

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

Item 10 Requirements for State-Registered Advisors

Material Relationships That Management Persons Have With Issuers of Securities

Southernmost Advisors LLC, nor any management person including William Pauley, have any relationship or arrangement with issuers of securities.