

THE
ELEMENTS
FINANCIAL GROUP, LLCSM
REGISTERED INVESTMENT ADVISOR

Form ADV, Part 2A Disclosure Brochure

August 23, 2016

This Disclosure Brochure provides information about the qualifications and business practices of The Elements Financial Group, LLC (“Elements”). If you have any questions about the contents of this Disclosure Brochure, please contact us at (714) 427-5800. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

Any reference to or use of the terms “registered investment advisor” or “registered,” does not imply that Elements or any person associated with Elements has achieved a certain level of skill or training.

Additional information regarding is available on the SEC’s website at www.adviserinfo.sec.gov by searching by our firm name or our CRD# 143041.

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ITEM 2 - MATERIAL CHANGES

The purpose of this page is to inform you of any material changes since the last annual update to of our Disclosure Brochure. If you are receiving this Disclosure Brochure for the first time this section may not be relevant to you.

The Elements Financial Group, LLC (“Elements,” “we,” “firm,” “our,” or “us”) reviews and updates our Disclosure Brochure at least annually to confirm that it remains current. Below is a summary of the material changes made to our Disclosure Brochure since the last annual update.

Material Changes

In August 2016, Elements relocated its principal place of business to 2077 W. Coast Highway, Suite A, Newport Beach, CA 92663. There have been no other material changes to this Disclosure Brochure since the last distribution to Clients.

Elements reviews and updates our Disclosure Brochure at least annually to make sure that it is still current.

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ITEM 4 - ADVISORY BUSINESS

Description of Advisory Firm

The Elements Financial Group, LLC (herein "Elements,") is a privately owned limited liability company ("LLC") headquartered in Newport Beach, California. In December 2006, the firm was founded and in September 2007, started operating as a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). Nicholas Scalzo and Gaetan Scalzo are the principal owners having at least 25% ownership in the firm. Additional owners and officer are listed on ADVI, Schedule A.

Elements provides services in three principal lines of business: (1) Advisory Services Platform and related services; (2) Sub-Advisor for Exchange Traded Funds ("ETFs"); and (3) exclusive distributor of RiskPro, a risk analysis and portfolio construction software tool.

1. Advisory Services Platform

Elements offers an investment management platform (the "Platform") to other financial professionals, including registered investment advisors (herein each an "Advisor"). Advisors generally engage Elements as a "Sub-Advisor", whereby the Advisor maintains a direct contractual and client management relationship with the end investor. In addition, Elements offers investment advisory services through its Platform to end investors referred by Solicitors, who are generally affiliated with broker-dealers and other financial intermediaries (herein each a "Solicitor"). For relationships referred to by a Solicitor, Elements will enter into a direct "Investment Advisory Agreement" with the end investor, although the Solicitor will remain as the end investor's primary relationship manager. For convenience, Elements will use the term "Client" to refer to the end investor, regardless of whether Elements is acting under a Sub-Advisor Agreement with an Advisor, or an Investment Advisory Agreement with an end investor. Elements also serves as an Institutional Strategist on the Platform and, in a few instances, provides non-discretionary investment services on third-party platforms.

A. *Elements as Sub-Advisor on the Platform*

When serving as a Sub-Advisor to Advisors, Elements provides Advisors with a turnkey asset management Platform. The Platform services generally include:

- Access to multiple institutional asset allocation strategists ("Institutional Strategists") (as noted above, Elements serves as one of the Institutional Strategists on the Platform)
- Model Portfolios ("Platform Model Portfolios"), generally consisting of mutual funds and ETFs, created and managed by Institutional Strategists, including by Elements, designed to cover a number of standard risk/return assumptions
- Access to software including tools for set-up of Client accounts, Client proposals, investment policy statements, Client agreements with their Advisor and the ability to view, and manage Client data
- Research, timely information and impersonal investment advisory services regarding the qualifications, investment philosophies, policies and performance of the Institutional Strategists available on the Platform
- Preparation of periodic performance measurement reporting regarding Advisors' Clients' assets invested through the Platform
- Assistance in marketing the Platform to Advisors' Clients
- Operational and administrative services in connection with the Platform including account set-up and maintenance
- Access to RiskPro (see Distribution of RiskPro, discussed below.)

As a Sub-Advisor, Elements provides certain services directly to the Client accounts that are opened through the Platform. These services generally include:

- Based on market circumstances and other non-Client specific information, exercising discretion on whether, how and when to implement transactions in a Client's account, consistent with the Platform Model Portfolios selected by the Advisor and the Client
- Arranging for the execution of trades in Client accounts (with the exception of accounts invested in Separately Managed Account Portfolios (SMA's), as described further below)

Under Elements' Sub-Advisor Agreements, Advisors are generally responsible for:

- Ensuring Client suitability and determining Client investment objectives and goals, both initially and ongoing
- Assisting the Client in understanding the investment options available on the Platform, including the Platform Model Portfolios
- Serving as the primary relationship manager for the Client's account[s]
- Selecting and changing the Platform Model Portfolios and the individual securities in the Client's account that are available through the Platform, in accordance with the Client's investment objectives and goals

Clients should carefully review the executed investment management agreement with their Advisor as well as the Advisor's own Form ADV Part2A - Disclosure Brochure, as applicable. The Advisor is responsible for delivering these items to each Client.

Elements has entered into written agreements with Institutional Strategists. Each Institutional Strategist develops various Platform Model Portfolios for inclusion on Elements' Platform. The Platform Model Portfolios and other investment options offered on the Platform, and managed by Institutional Strategists, generally fall into the following categories:

- Fund Accounts – comprised of one or more mutual funds
- Fund Strategist Portfolios (FSPs) – a Platform Model Portfolio comprised of various mutual funds and/or exchange traded funds (ETFs)
- Unified Managed Accounts (UMAs) – Single accounts including a variety of the above Platform Model Portfolios selected by Advisors and/or Clients
- Multi-Mandate Models – Models that include a variety of the above Platform Model Portfolios, managed by Elements or by an Institutional Strategist
- Separately Managed Accounts – accounts comprised of individual bonds, stocks and mutual funds

The Institutional Strategists generally do not have any discretionary authority or control over Client assets and are not responsible for ensuring Client suitability. As noted above, Elements acts as an Institutional Strategist on the Platform and manages the Elements' Platform Model Portfolios and several Multi-Mandate Models, using a proprietary investment approach.

For the SMAs, the Institutional Strategist provides services that include: (i) exercising discretion on whether, how and when to implement transactions in a Client's account, based on market circumstances and other non-Client specific information; and (ii) arranging for the execution of trades in these Client accounts.

B. Elements as Investment Manager on the Platform

For Clients referred to Elements by a Solicitor, the Client will enter into an Investment Advisory Agreement directly with Elements and Elements will serve as the investment manager. For these Clients, Elements provides the services outlined above as the Platform provider. In addition, Elements is responsible for providing individualized investment advisory services to Clients, which include, but are not limited to:

- determining suitability of the Platform and the Platform Model Portfolios selected by the Client and/or Solicitor
- based on market circumstances and other information, exercising discretion regarding whether, how and when to implement transactions in a Client's account, consistent with the Platform Model Portfolios selected by the Client and/or Solicitor
- arranging for the execution of trades in the Client's accounts

The complete services provided by Elements as the investment manager will be fully outlined in the Investment Advisory Agreement executed between Elements and the Client. In most instances, under the Investment Advisory Agreement, and in accordance with Elements' Agreement with the Solicitor, the Solicitor will assist the Client in completing Platform account applications and other applicable forms and submit them to Elements. The Solicitor will also obtain information from the Client regarding the Client's investment objectives and financial situation and will assist the Client in determining suitable Platform Model Portfolio(s) based on such objectives and financial information. The Client is ultimately responsible for making the final selection of the Platform Model Portfolio(s). The Client is further responsible for promptly notifying the Solicitor and Elements in writing of any change in the Client's investment objectives, financial situation, and/or the selection of Platform Model Portfolio(s).

For Clients referred by a Solicitor, Elements reserves the right to not accept and/or terminate the account, if Elements believes at any time, based on information provided by the Client, that the Portfolios selected by the Client are not suitable and the Client's decision is to not change the selections.

C. Potential Conflicts of Interest

In most instances, regardless of whether Elements entered into a Sub-Advisor Agreement with an Advisor, or an Investment Advisory Agreement with a Client, the Institutional Strategists make payments to Elements, for services provided by Elements in connection with the Institutional Strategists being offered as an investment option on the Platform. For a discussion of these payments to Elements, and the potential conflicts of interest that may arise as a result of such payments, see ***Item 14, Client Referrals and Other Compensation***.

2. Sub-Advisor to ETFs

Elements provides discretionary investment sub-advisory services to exchange-traded funds registered under the Investment Company Act of 1940. Elements is investment sub-advisor to the AdvisorShares Equity Pro ETF (Ticker: EPRO and herein "EPRO") and the AdvisorShares YieldPro ETF (Ticker: YPRO and herein "YPRO"). For these services, Elements receives sub-advisor fees paid by the advisor to the ETFs (such fees received by Elements shall be referred to as "ETF Sub-Advisor Fees").

EPRO is established in a "fund of funds" structure that seeks to achieve its investment objective by investing primarily in other ETFs. EPRO may also invest in common stock of issuers of any capitalization range and American Depositary Receipts. Elements seeks to achieve EPRO's investment objective by actively managing the portfolio from a "top-down" perspective, focusing on tactical asset allocation and sector allocation among global equities. Elements primarily considers two indicators prior to making investment decisions: (i) the 200-day moving average of the S&P 500 Index (the "Index") and (ii) an inverted U.S. yield curve. If the Index is below its 200-day moving average or if the U.S. yield curve is inverted, Elements will typically maintain a defensive position in EPRO's portfolio. Elements may consider other factors, including but not limited to market volatility and/or geopolitical noise, in deciding if, when, and how to implement a defensive investment position.

EPRO's asset allocation and performance baseline benchmark is the Index. The Index consists of ten separate economic sectors – each of which has a weighting in the Index as a whole. Elements will seek to add value in EPRO by overweighting sectors that are expected to perform well and underweighting sectors that are expected to perform poorly. As such, this strategy will result in sector weights that may be significantly different than the Index. Elements seeks to maintain diversification among global economic sectors, and will consider the following factors when selling investments in EPRO's portfolio: (i) current market environment; (ii) targeted exposures among equity sectors; (iii) historical performance of a specific sector; (iv) changes in sector volatility; and (v) identification of a better opportunity. On a day-to-day basis, EPRO may hold money market instruments, cash, other cash equivalents, and ETFs that invest in these and other highly liquid instruments.

YPRO is established in a "fund of funds" structure that seeks to achieve its investment objective by primarily investing in both long and short positions in other affiliated and unaffiliated ETFs that offer diversified exposure to fixed income and other income producing securities. YPRO's investments may, at various times, represent all available segments of the fixed income market, including, but not limited to, bonds and instruments issued by the U.S. government, foreign government bonds, U.S. or foreign investment grade corporate debt, high yield bonds, municipal bonds, mortgage-backed securities, and emerging market debt. YPRO may also invest in equity, inverse or other types of ETFs to supplement its fixed income ETF positions. YPRO intends to invest the majority of its assets in investments that provide a competitive yield on a risk-adjusted basis. YPRO will also allocate its investments to instruments that provide little or no yield for diversification or risk management purposes. In seeking to achieve its investment objective, YPRO may also invest directly in U.S.-traded fixed income and equity securities, certain derivatives, such as futures and structured notes, and other exchange-traded products ("ETPs"). On a day-to-day basis, EPRO may hold money market instruments, cash, other cash equivalents, and ETPs that invest in these and other highly liquid instruments to collateralize its derivative or short positions.

Under certain circumstances, potential conflicts of interest may arise if a Client working with an Advisor or a Solicitor invests a portion of their assets in EPRO or YPRO, or in a Platform Model Portfolio that includes EPRO or YPRO, since Elements receives ETF Sub-Advisor Fees from the advisor of the ETFs. We discuss these potential conflicts of interest below under ***Item 14, Client Referrals and Other Compensation***.

For additional information regarding investment objectives, risks, and charges and expenses of the two ETFs, please read a copy of the EPRO or YPRO prospectus and statement of additional information.

3. Distribution of RiskPro

Elements has an exclusive license with ProTools, LLC ("ProTools"), an affiliate of Elements, to distribute to financial intermediaries, including investment advisors, broker/dealers and other financial professionals ("Intermediaries"), a web-based, financial tool owned by ProTools and trademarked as RiskPro. RiskPro is a risk analysis and portfolio construction tool that assists Intermediaries in building portfolios designed to meet their client's investment objectives. ProTools does not provide investment advice and is not a registered investment advisor.

Elements, through its exclusive license with ProTools, provides Intermediaries with information about mutual funds, ETFs, equity securities and/or variable sub-accounts (the "Securities"), and about Securities in a series of model asset portfolios (the "RiskPro Model Portfolios") constructed and maintained by independent asset managers ("Strategists"). Among other items of information, Elements provides Intermediaries with certain risk characteristics and risk metrics, based on statistical and mathematical probabilities as determined by RiskPro, about the Securities and the RiskPro Model Portfolios (the "Risk Profiles"). In addition, Elements provides Intermediaries with information about any updates to, or rebalancing of, the RiskPro Model Portfolios, as determined by the Strategists. The Risk Profiles and other information provided by Elements is used by Intermediaries: (i) to assist the Intermediaries in determining whether to purchase Securities or RiskPro Model Portfolios, on behalf of their clients; (ii) to respond to inquiries by the Intermediaries' clients about Securities or RiskPro Model Portfolios; and (iii) to provide the Intermediaries' clients with information about the clients' investment in Securities or RiskPro Model Portfolios.

Elements is responsible for determining which mutual funds and ETFs (the "Funds") shall be featured on RiskPro, as well as which Strategists and RiskPro Model Portfolios shall be featured. In addition, Elements serves as a Strategist on RiskPro, providing information about RiskPro Model Portfolios constructed and managed by Elements. For a description of the potential conflicts of interests resulting from Elements' role as exclusive distributor of RiskPro, and Elements' role as a Strategist on RiskPro, see *Item 14, Client Referrals and Other Compensation*.

4. Other Services and Additional Information

A. Third Party Platforms

In some instances, Elements provides services to clients of advisors that are utilizing a third party platform, a third-party platform administrator or a program sponsor. In those circumstances, Elements provides many of the same services, including impersonal investment advisory services, as those provided by Elements when serving as the Platform provider, as described above. However, Elements does not provide the tools to set-up client accounts, client proposals, investment policy statements, client agreements or the ability to view and manage client data. Clients should review the Advisor's or program sponsor's disclosure brochure for further details.

Elements also provides non-discretionary investment services to third-party platforms by providing recommendations and impersonal investment advice regarding the construction and maintenance of model portfolios. Elements' model portfolios represent different investment styles and strategies to be used by advisors in the management of accounts participating on the third-party platforms. Elements' services to the third-party platforms may include recommending securities, relative weights, and specific changes in such weights by individual security. Under these arrangements Elements services are limited to providing model portfolios. Elements does not provide individualized advice, investment management services, or any other direct services to the client accounts on the third-party platforms.

B. Tailored Services and Client Imposed Restrictions

When serving under an Investment Advisory Agreement, Elements will manage Client accounts based on the investment strategy the Client chooses, as discussed below under *Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss*. Elements applies the strategy for each Client, based on the Client's individual circumstances and financial situation. Together with the Client's Solicitor, Elements is responsible for the Clients' investment decisions, based on information the Client supplies about their financial situation, goals, and risk tolerance. Elements' recommendations may be of a more limited use if the Client does not provide accurate and complete information. It is the Client's responsibility to keep Elements and the Solicitor informed of any changes to their investment objectives or restrictions.

Clients may also request restrictions on their account, such as when a Client needs to keep a minimum level of cash in the account or does not want Elements to buy or sell certain specific securities or security types in the account. Elements reserves the right to not accept and/or terminate management of a Client's account if Elements' believes that the Client-imposed restrictions would limit or prevent Elements from meeting or maintaining the Client's investment strategy.

In some circumstances, Elements' advice may be limited to certain types of securities. For example, when a strategy calls for fixed income and equity exposure, Elements may not conduct individual fixed income and equity securities transactions, but rather gain that exposure through an ETF or mutual fund.

C. Additional General Information

When serving under an Investment Advisory Agreement, Elements may occasionally offer advice regarding additional types of investments, besides those offered through the Platform, if they are appropriate to address the individual needs, goals, and objectives of the Client or in response to Client inquiry. Elements may offer investment advice on any investment held by the Client at the start of the advisory relationship. We describe the material investment risks for many of the securities that we recommend under the heading *Specific Security Risks* in *Item 8* below.

We discuss our discretionary authority below under *Item 16 - Investment Discretion*. We describe the Fees charged for investment management services below under *Item 5 - Fees and Compensation*.

D. Analysis, Investment Strategies and Risk of Loss

No Load Mutual Funds – Whether providing impersonal investment advisory services or individualized investment advice, Elements generally will limit recommendations of mutual funds to no load funds or equivalent investment products.

DFA Funds - Historically, Elements has been able to provide Advisors, who are on the Platform, with access to mutual funds offered by Dimensional Fund Advisors ("DFA"). However, Elements can no longer offer DFA mutual funds directly to new Advisors. Those Advisors to whom we initially offered DFA mutual funds still have access to DFA funds for their clients. DFA transaction costs are generally \$25 per trade and typically are subject to minimum initial investments.

Non-managed Assets - When serving under an Investment Advisory Agreement, Elements will only be responsible for the supervision and management of securities we recommend. Elements will not be responsible for the supervision or management of non-managed assets. Non-managed assets may include securities held in a Client's account that is under management with Elements that were:

- Delivered into the account by the Client

- Purchased by the Client
- Purchased by Elements at the request of the Client as an accommodation
- Designated in writing by the Client to be non-managed securities

E. Wrap Fee Programs

Elements does not offer wrap fee programs as part of our services and does not place Clients into wrap fee programs of other providers.

F. Assets Under Management

Elements manages Client assets in discretionary accounts on a continuous and regular basis. As of December 31, 2015, the total amount of assets under our management was approximately \$394,130,943.

ITEM 5 - FEES AND COMPENSATION

Fee Schedule and Billing Method

1. Platform Services: Elements as Sub-Advisor

When serving as Sub-Advisor, Elements bills Clients for the Platform Fee, the Advisor's Fee and the Strategist's Fee (if any), as follows:

A. Platform Fee

Elements charges an annual Platform Fee for the services provided by Elements in the amount of 0.20% (the "Reduced Platform Fee") for (i) all Platform Model Portfolios and other investment products offered by Institutional Strategists that have agreed to make payments to compensate or reimburse Elements, for services provided in connection with making the Institutional Strategist's Platform Model Portfolios available on the Platform; and (ii) all Platform Model Portfolios to the extent that they include investments in EPRO or YPRO, which results in payments to Elements of ETF Sub-Advisor Fees. When charging the Reduced Platform Fee, Elements uses all, or a portion of, the payments made to Elements by Institutional Strategists, or amounts received from the ETF Sub-Advisor Fees, to lower the Platform Fee paid by the Client. For all other Platform Model Portfolios or investments offered on the Platform, where there are no payments to Elements by Institutional Strategists, or amounts received from ETF Sub Advisor Fees, the annualized Platform Fee, as identified to the Advisor in advance of any purchase, is in the amount of 0.45% to 0.55% (the "Full Platform Fee").

On a quarterly basis, Elements charges the Client the Platform Fee in advance, based on the Client's account value as of the end of the prior quarter and based on the Platform Model Portfolios or other investments held in the Account. The formula used for the quarterly Platform Fee calculation is as follows:

Multiply the Reduced Platform Fee by the Total Assets Under Management invested in the applicable Platform Model Portfolios or other applicable investments at quarter-end, to produce the Quarterly Reduced Platform Fee

Multiply the Full Platform Fee by the Total Assets Under Management invested in the applicable Platform Model Portfolios or other applicable investments at quarter-end, to produce the Quarterly Full Platform Fee

Add the Quarterly Reduced Platform Fee to the Quarterly Full Platform Fee, and divide the result by 365, to produce the Daily Blended Platform Fee

Multiply the Daily Blended Platform Fee by the number of days in the subsequent quarter, to produce the Quarterly Platform Fee.

Platform Fees may be negotiable by Elements, in its sole discretion, including based on the size of a Client's account or the size of all accounts within a Client's household. In addition, Elements reserves the right to change Platform Fees at anytime, by providing written notice to the Advisor, at least thirty (30) days in advance of such change. For further information on Fee changes, see **Additional Fee Information**, below.

At the time in which a Client account is first opened and funded, and at any time an additional deposit of \$10,000 or more is received into the account, the initial Platform Fee shall be calculated based on the value of the deposit, prorated for the number of days remaining in the quarter. This initial fee will be charged at the end of each month. In the event that a Client account is terminated during a calendar quarter, and any time a withdrawal of \$10,000 or more is taken from the account, Elements computes the unearned Platform Fee, prorated for the number of days remaining in the quarter.

B. Advisor Fee

Based upon the annual Advisor Fee Schedule selected by the Advisor, and agreed to by the Client, Elements shall cause each Client account to be charged a quarterly fee in an amount equal to one-quarter (25%) of the annual Advisor Fee. Such quarterly Advisor Fee shall be charged by the Advisor in advance based on the Client's account value as of the end of the prior quarter. The formula used for the Advisor Fee calculation is as follows:

Multiply the Annual Rate of the Advisor Fee by the Total Assets Under Management, at quarter-end

Divide the result by 365, to produce the Daily Advisor Fee

Multiply the Daily Advisor Fee by the number of days in the subsequent quarter, to produce the Quarterly Advisor Fee.

Elements may aggregate Client account balances that have family relationships with each other for purposes of calculating the Advisor Fee applicable to each Client.

At the time in which a Client account is first opened and funded, and any time an additional deposit of \$10,000 or more is received, the initial Advisor Fees shall be calculated based on the value of the deposit, prorated for the number of days remaining in the quarter. This initial fee will be charged at the end of each month. In the event that a Client account is terminated during a calendar quarter, and at any time a withdrawal of \$10,000 or more is taken from an account, the unearned Advisor Fees will be calculated, prorated for the number of days remaining in the quarter.

C. Strategist Fee

For certain Institutional Strategists and for the SMAs, Elements will charge an annual Strategist Fee to cover the cost of the services provided by certain Institutional Strategists and by the SMA Managers. The Strategist Fee will range from 0.10% to 0.30% annually, depending on the Institutional Strategist, and up to 0.50% for the SMA Manager. The Strategist Fee, if applicable, is charged to Client accounts on a quarterly basis, in the same manner as the Advisor Fee (described above), and is paid to the Strategist.

D. Payment of Total Client Fee

Each calendar quarter, and each calendar month for new Client accounts and accounts with deposits of \$10,000 or more, Elements instructs the custodian to automatically withdraw the Platform Fee, the Advisor Fee and the Strategist Fee (referred to collectively as the "Total Client Fee") from the Client's account[s] held by the independent custodian. Typically, the custodian withdraws the Total Client Fee from the Client's account during the first several weeks after the quarterly or monthly billing period based on Elements' instruction. For the Advisor Fee, the custodian will send the Fee either directly to the Advisor or to Elements for payment to the Advisor, depending on the arrangement between the Advisor and Elements. For the Strategist Fee, the custodian will send the Fee either directly to the Institutional Strategist/SMA Manager or to Elements for payment to the Institutional Strategist, depending on the arrangement between the Strategist and Elements. All Clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the Total Client Fee, which shall include the Platform Fee, the Advisor Fee and the Strategist Fee. It is the Client's responsibility to verify the accuracy of all fee calculations. The custodian will not determine whether any of the Fees are properly calculated.

E. Potential Conflicts of Interest

Potential conflicts of interest may arise in those instances in which Elements receives compensation or reimbursements, in addition to the amounts paid by the Client. Payments to Elements by Institutional Strategists, or payments received by Elements as ETF Sub-Advisor Fees, may create potential conflicts of interest, as such payments may influence: (i) Elements' decision of which Platform Model Portfolios to offer on the Platform; or (ii) which funds or ETFs may be part of a Platform Model Portfolio, including Platform Model Portfolios managed by Elements; or (iii) Elements' dealings with the Advisor, which in turn, may impact the Advisor's or Client's selection of Platform Model Portfolios. In order to mitigate these potential conflicts of interest, Elements uses all, or a portion, of such payments by Institutional Strategists, or payments received from ETF Sub-Advisor Fees, to lower the Platform Fee paid by the Client (from the Full Platform Fee to the Reduced Platform Fee). In addition, Elements provides disclosure of such payments and the potential resulting conflicts of interest in Elements' ADV Part 2A, so that Advisors and their Clients may make fully informed decisions. Further, Elements offers to provide additional information about such payments upon request. For additional information regarding these potential conflicts of interest, see below under **Item 14, Client Referrals and Other Compensation**.

2. Platform Services: Elements as Investment Manager

A. Investment Advisory Fee (Platform Fee and Solicitor Fee) and Strategist Fee

For accounts referred by a Solicitor, in which Elements performs services as the investment manager and the Platform provider, Elements will charge a **maximum** Investment Advisory Fee of 2.25% (exclusive of any Strategist or SMA Manager Fee). The Investment Advisory Fee includes the Platform Fee retained by Elements and the Solicitor Fee paid by Elements to the Solicitor. The Platform Fee paid by the Client to Elements is in the same amount, and is charged in the same manner and at the same time, as the Platform Fee described above, in this **Item 5, Section 1**. The balance of the Investment Advisory Fee is paid to the Solicitor, in the same manner and at the same time as the payment of the Advisor Fee described above, in this **Item 5, Section 1**. In the event that there is a Strategist Fee (charged by an Institutional Strategist or by a SMA Manager), the Strategist Fee is charged to the Client in the same manner and at the same time as the Strategist Fee described above, in this **Item 5, Section 1**.

The Investment Advisory Fee may be negotiable by Elements, in its sole discretion, including based on the size of a Client's account or the size of all accounts within a Client's household. Elements reserves the right to change the Investment Advisory Fee at anytime, after providing appropriate written notice. In addition, Elements may negotiate a different arrangement for the Solicitor, such as a fee structure where payment to the Solicitor is based on the total amount of assets placed under management by the Solicitor. See also **Item 14 – Client Referrals and Other Compensation**. For additional information on fee changes, see **Additional Fee Information** below.

B. Potential Conflicts of Interest

A potential conflict of interest may arise in those instances in which Elements receives compensation or reimbursements, in addition to the amounts paid by the Client. Payments to Elements by Institutional Strategists, or payments received by Elements as ETF Sub-Advisor Fees, may create potential conflicts of interest, as such payments may influence: (i) Elements' decision of which Platform Model Portfolios to offer on the Platform; or (ii) which funds or ETFs may be part of a Platform Model Portfolio, including Platform Model Portfolios managed by Elements; or (iii) Elements' dealings with the Solicitor, which in turn, may impact the Solicitor's or Client's selection of Platform Model Portfolios. In order to mitigate these potential conflicts of interest, Elements uses all, or a portion, of such payments by Institutional Strategists, or payments received from ETF Sub-Advisor Fees, to lower that portion of the Investment Advisory Fee that is paid by the Client to Elements as the Platform Fee (from the Full Platform Fee to the Reduced Platform Fee). In addition, Elements provides disclosure of such payments, and the potential resulting conflicts of interest, in Elements' ADV Part 2A, so that Solicitors and their Clients may make fully informed decisions. Further, Elements offers to provide additional information about such payments upon request. For additional information regarding these potential conflicts of interest, see below under **Item 14, Client Referrals and Other Compensation**.

3. Minimum Account Size

Whether acting under a Sub-Advisor Agreement or an Investment Advisory Agreement, Elements requires the following account level minimums:

Strategy	Account Minimum
Fund Account	\$25,000
Fund Strategist Portfolio (FSP)	\$50,000
Unified Managed Account (UMA)	\$50,000
Multi-Mandate Model	\$150,000
Separately Managed Account	\$250,000 to \$500,000 based on manager minimums

When allocating to multiple funds and/or FSPs within a UMA, minimums for each fund and FSP still apply. Elements may charge a quarterly surcharge of \$25 to accounts that do not meet the minimum. In addition, Elements may remove accounts from a program at any time if an account balance is below the account minimum due to withdrawals or inadequate funding. Elements may reduce or waive the account minimum and/or surcharge at its sole discretion.

In addition to the minimum account sizes noted above, Elements suggests that portfolios investing in DFA mutual funds have a minimum additional contribution of at least \$20,000. We suggest this minimum for additional contributions as the custodians generally charge \$25 per DFA trade.

4. ETF Sub-Advisor Fees

Fees for investments in EPRO and YPRO are contained in the respective prospectus for each ETF. EPRO and YPRO pay advisory fees to the advisor of the ETFs, and the advisor makes payment to Elements of the ETF Sub-Advisor Fees. The amount of the ETF Sub-Advisor Fees received by Elements from EPRO and YPRO is disclosed in the prospectus for the ETFs.

5. Distribution of RiskPro

Elements receives compensation or reimbursement, in connection with the distribution of RiskPro, from sources other than Platform Clients. For a discussion of the compensation received by Elements, in connection with the distribution of RiskPro and the potential conflicts of interest that arise in connection with the distribution of RiskPro, see *Item 14, Client Referrals and Other Compensation*.

6. Third Party Platforms

Under this service, Elements will not compute fees or deduct fees for Elements' services from client's custodian accounts. The third-party platform administrator will handle collection of client fees and will pay Elements an annual fee based on the market values of the accounts participating in the service. Elements receives a portion of the advisory fee that clients pay to their independent investment advisor. Generally, Elements charges an annual fee between 0.10% and 0.50% based on the total assets under management. This fee is Elements' fee for services provided by Elements and is not the total advisory fee the client pays their independent investment advisor. The fee that the Client pays their independent investment advisor is established and payable in accordance with the terms outlined in the independent investment advisor's agreement, brochure or other equivalent disclosure document.

7. Other Fees and Expenses

Clients should understand that Platform Fees and Investment Advisory Fees, described above, do not include any applicable Elements minimum account size surcharge of \$25 per quarter. In addition, Elements' Fees also do not include custodian fees. Clients should understand that each custodian charges fees that are separate from and in addition to the Platform and Investment Advisory Fees. Clients pay all brokerage commissions, stock transfer fees, and/or other similar charges incurred in connection with transactions in accounts, from the assets in the account. These charges are in addition to the fees Client pays to Elements. See *Item 12 - Brokerage Practices* below for more information.

In addition, any mutual fund shares held in a Client's account may be subject to deferred sales charges, 12b-1 fees, and other fund-related expenses. The fund's prospectus fully describes the fees and expenses. All Fees paid to Elements for Platform or Investment Advisory Services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares. Consequently, Clients with mutual funds in their portfolios are effectively paying both Elements and the mutual fund manager for the management of their assets.

Clients participating in third party programs, where Elements provides non-discretionary investment services, should also refer to the program brochure and agreements for information about additional fees and expenses.

8. Additional Fee Information

All Fees stated above reflect Elements' maximum fees and Elements reserves the right to charge fees that are lower depending on the assets in the account and the services that will be provided to a Client. In addition, Elements may change the fees it charges, but will provide each Client with thirty (30) days written notice prior to the change taking effect.

9. Termination of Services

A. Sub-Advisor Agreement between Advisor and Elements

Either party may terminate the Sub-Advisor Agreement upon sixty (60) days written notice to the other party. The Advisor may terminate the Agreement by writing Elements at our office. In addition, either party may terminate the Agreement if the other party is in material violation of any SEC, FINRA, banking or other such regulation or materially breaches the Agreement and fails to remedy such violation or breach within ten (10) days of written notice from the party that intends to terminate the Agreement. Upon termination, Elements will not liquidate the Client's assets unless it receives written instruction to do so from the Advisor.

B. Investment Advisory Agreement between Client and Elements

Either Elements or the Client may terminate the Investment Advisory Agreement at any time without cause by giving written notice of such termination to the other party. The Client may terminate the Agreement by writing Elements at our office. Provided however, any investment action taken by Elements regarding the Client's account prior to the effective date of such termination will be at the Client's risk. Upon termination, Elements will not liquidate the Client's assets unless it receives written instruction to do so from the Client. Clients should understand that in the event a Client terminates the Investment Advisory Agreement and requests that their account(s) be fully liquidated, it might take Elements a number of days or more to sell all the securities in the account(s) due to market conditions at the time. Upon termination, the Client will be responsible for the Total Client Fee, up to and including the effective date of termination. Any unearned, prepaid fees will be promptly refunded to the Client.

In the event of a Client's death or disability, Elements will continue to manage the account until we are notified of the Client's death or disability and given alternative instructions by an authorized party.

C. Additional Information Regarding Terminations

For services provided under a Sub-Advisor Agreement or an Investment Advisory Agreement, Elements will refund any prepaid, unearned Platform or advisory fees on terminated accounts or account withdrawals in excess of \$10,000 based on the effective date of termination to all Clients. Upon termination of either such Agreement, we will send the Client a prorated refund of unearned Platform or Advisory Fees using the following formula: $(Fees\ Paid) \times (Days\ Remaining\ in\ Quarter) / (Total\ Number\ of\ Days\ in\ Quarter)$.

D. Third Party Platforms

Where Elements is providing non-discretionary investment management services on a third party platform, clients will need to contact the third-party advisor if they would like to terminate services. Once the third-party advisor receives written notice from the client, Elements or the third-party advisor will refund any prepaid, unearned advisory fees based on the effective date of termination.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Elements does not charge performance-based fees or other fees based on a share of capital gains or on capital appreciation of the assets of a Client.

ITEM 7 - TYPES OF CLIENTS

Elements offers its Platform services to affiliated and non-affiliated investment Advisors and their Clients. Elements offers discretionary investment advisory services to individuals, high net worth individuals, trusts and estates, and individual participants of retirement plans. In addition, Elements' offers advisory services to pension and profit sharing plans, charitable organizations, and businesses. Elements also serves as the investment sub-advisor to the EPRO and YPRO.

In connection with the distribution of RiskPro, Elements may provide services to a variety of Intermediaries, including registered investment advisors, broker/dealers and other financial professionals.

Account Requirements: See above *Item 5 – Fees and Compensation* for account requirements.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

1. Methods of Analysis and Investment Strategies

Elements has entered into written agreements with Institutional Strategists. Each Institutional Strategist has agreed to develop various Platform Model Portfolios for inclusion on Elements' Platform. Generally, once the Model is developed, Elements will review the holdings and overall allocation. Elements also monitors the Platform Model Portfolios for changes the Institutional Strategists make to the allocation or securities held in the Model. Elements also serves as an Institutional Strategist, offering Platform Model Portfolios on the Platform. Elements is responsible for arranging for the implementation of the transactions for the accounts on the Platform.

A. Investment Strategies for Managing Portfolios

Clients will complete a risk questionnaire with their Advisor, Solicitor, or with Elements, depending on the arrangement. The risk questionnaire is used to assist the Client in selecting a Platform Model Portfolio, a combination of Portfolios, or a combination of individual mutual funds or ETFs, to implement the Client's investment objectives. The risk questionnaire will also assist Elements with understanding each Client's risk profile.

Elements' believes that market movement is one of many important factors to consider in the construction of Client portfolios. Market movement may have a significant impact on variation of portfolio returns, and as a result, Elements may provide guidance which helps Advisors better understand which strategies are more or less impacted by market movement. Specifically, Elements categorizes strategies into three distinct mandates:

- Mandate 1: Market Movement - strategies that closely track the broad movement of stock and/or bond markets, or a blend of the two.
- Mandate 2: Tactical Market Movement – strategies that seek to adjust opportunistically the total level of risk in the portfolio or allocations to various asset classes. These strategies will track market movement to varying degrees, depending on the strategy and market environment.
- Mandate 3: Market Movement Diversifiers – strategies that may de-link from general market movement and may provide additional diversification.

In analyzing ETFs and mutual funds, Elements and the Institutional Strategist may use various sources of information including data provided by Bloomberg and Morningstar. When conducting an analysis of potential investments, and when conducting due diligence on Institutional Strategists, Elements reviews key characteristics, such as historical performance, consistency of returns, risk level, expenses, and size of fund. Regarding ETFs, Elements will review size, liquidity (average daily volume), and expenses.

Elements or an Institutional Strategist (where applicable) may use the following strategies in their management of funds, Platform Model Portfolios or Client accounts. These may include but are not limited to:

i) MPT & Fama/French

Elements and the Institutional Strategist may follow the investment principles of Modern Portfolio Theory and the Fama/French Three-Factor Model to construct portfolios. Modern Portfolio Theory is a basic concept of using diversification in an effort to help optimize the risk and potential return of a portfolio. The goal is to implement the latest academic research into Clients' portfolios. Elements and the Institutional Strategist may use the Fama/French Three-Factor Model and mean-variance analysis, among other methods, when analyzing mutual funds to set the parameters of the asset classes.

ii) Volatility-Based Asset Allocation

Elements and the Institutional Strategists may employ a Volatility-Based Asset Allocation approach to construct portfolios. This approach provides unique insight into risk in the portfolio by measuring the relationship between implied volatility and the securities in the portfolio, and serves as a complement to Modern Portfolio Theory. Volatility-Based Asset Allocation may identify risk that is typically not identified when using more traditional asset allocation strategies.

iii) Tactical Asset Allocation

Elements and the Institutional Strategists (where applicable) may use a tactical asset allocation strategy in the management of funds, Platform Model Portfolios or Client accounts. Tactical asset allocation is an active management portfolio strategy that re-balances the percentage of assets held in various asset categories in an effort to take advantage of market pricing anomalies or strong market sectors. This strategy provides an opportunity for Elements or the Institutional Strategist to create extra value by taking advantage of certain situations in the marketplace. Elements considers this an active strategy since the asset manager may repeatedly alter the structure and risk of the portfolio upon obtaining desired short-term profits or if the perceived opportunity ends. There is no guarantee that this strategy will be successful and neither Elements nor the Institutional Strategists make any promises or warranties as to the accuracy of their market analysis.

iv) Cash as a Strategic Asset

Elements or an Institutional Strategist may use cash as a strategic asset and may at times move or keep Client's assets in cash or cash equivalents.

v) Long-term Holding

Elements and most Institutional strategists do not generally purchase securities for funds, Model Portfolios or Clients with the intent to sell the securities within 30 days of purchase, as Elements and most Institutional Strategists do not use short-term trading as an investment strategy. However, there may be times when Elements or an Institutional Strategist will sell a security which has been held for less than 30 days. If an Institutional Strategist utilizes short-term trading as an investment strategy, that strategy will be clearly disclosed by the Institutional strategist.

vi) Institutional Strategists

Elements' conducts reasonable due diligence prior to selecting Institutional Strategists to participate on the Platform. Elements screens Institutional Strategists for measurable characteristics, such as team stability, process and style consistency, portfolio risk profiles, and performance. Elements also draw on our long experience to make qualitative but equally important assessments of an organization's business and management skills, leadership abilities, and judgment.

2. **Investing Involves Risk**

Elements' and the Institutional Strategist's goal is to create Platform Model Portfolios that will enable Platform Clients' assets to grow over time. Platform Clients should understand that investments in bonds, mutual funds and ETFs, as well as investments in Platform Model Portfolios, carry a degree of risk, including loss of initial investment. Neither Elements nor the Institutional give any assurance that any of the investments offered on the Platform will provide positive returns over any period.

Prior to opening an account on the Platform, a Client should carefully consider:

- committing to management only those assets that the Client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of five to seven years,
- that volatility from investing in the stock market can occur, and
- that over time the Client's assets may fluctuate and at anytime be worth more or less than the amount invested.

3. **Specific Security Risks**

A. General Risks of Owning Securities

The prices of securities held in Client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds or Platform Model Portfolios in a Client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

B. Mutual Funds (Open-end Investment Company)

Elements and Institutional Strategists frequently use mutual funds in constructing Platform Model Portfolios. A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate.

C. Different Types of Funds

When it comes to investing in mutual funds, investors have literally thousands of choices. Most mutual funds fall into one of four main categories; money market funds, bond funds (also called “fixed income” funds), stock funds (also called “equity” funds), and alternative investment strategy funds (also called “alternative” funds). Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss.

- Money Market Funds

Money market funds have relatively low risks, compared to other mutual funds (and most other investments). By law, they can invest in only certain high quality, short-term investments issued by the U.S. Government, U.S. corporations, and state and local governments. Money market funds try to keep their net asset value (NAV), which represents the value of one share in a fund, at a stable \$1.00 per share. However, the NAV may fall below \$1.00 if the fund’s investments perform poorly. Investor losses have been rare, but they are possible. Money market funds pay dividends that generally reflect short-term interest rates, and historically the returns for money market funds have been lower than for either bond or stock funds. That is why “inflation risk,” the risk that inflation will outpace and erode investment returns over time, can be a potential concern for investors in money market funds.

- Bond Funds

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields. Unlike money market funds, the SEC’s rules do not restrict bond funds to high quality or short-term investments. Because there are many different types of bonds, bond funds can vary dramatically in their risks and rewards.

Some of the risks associated with bond funds include:

Credit Risk

There is a possibility that companies or other issuers may fail to pay their debts (including the debt owed to holders of their bonds). Consequently, this affects mutual funds that hold these bonds. Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury Bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.

Interest Rate Risk

There is a risk that the market value of the bonds will go down when interest rates go up. Because of this, investors can lose money in any bond fund, including those that invest only in insured bonds or U.S. Treasury Bonds. Funds that invest in longer-term bonds tend to have higher interest rate risk.

Prepayment Risk

Issuers may choose to pay off debt earlier than the stated maturity date on a bond. For example, if interest rates fall, a bond issuer may decide to “retire” its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

- Stock Funds

A stock fund’s value can rise and fall quickly (and dramatically) over the short term but may demonstrate more stability over the long-term. Overall “market risk” poses the greatest potential danger for investors in stock funds. Stock prices can fluctuate for a broad range of reasons—such as the overall strength of the economy or demand for particular products or services. Not all stock funds are the same.

- Alternative Investment Strategy Funds

Alternative funds typically seek to provide investors with investment returns that demonstrate a lower correlation with traditional investments such as stocks and bonds. These funds seek to invest in unique opportunities or investment strategies and may exhibit unique asset allocation structures, which may include stocks, bonds, cash, and derivative investments (“derivatives”). Derivatives, such as futures and/or options, are investments with performance and/or valuations that are derived from another underlying security. Because there are many different types of alternative investment strategies, alternative funds can vary dramatically in their risks and rewards. Examples of alternative funds include but are not limited to Managed Futures, Global Macro, Global Tactical Asset Allocation, and Arbitrage.

Client portfolios may include the use of leveraged and/or inverse mutual funds and ETFs. Leveraged mutual funds and ETFs may deliver a more significant outperformance and/or more significant losses related to the benchmark they track. Such leverage causes the fund’s shares to be more volatile than if the fund did not use leverage. Inverse mutual funds and ETFs seek to deliver the opposite of the performance of the index or benchmark they track in some cases along with the use of leverage. In many cases these vehicles are designed to achieve the performance multiple on a daily basis and their performance over a longer period of time which might be substantially greater or substantially worse than the index or benchmark. It is important to note that such investment vehicles are generally used in active trading strategies and may offer a greater degree of risk than other investment vehicles.

D. Tax Consequences of Mutual Funds

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and makes a profit. Mutual funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any *personal capital gains* when the investor sells shares, the investor may have to pay taxes each year on *the fund’s capital gains*. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit that cannot be offset by a loss.

E. Equity Securities

Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of stocks and the income they generate (such as dividends) fluctuate based on, among other things, events specific to the company that issued the shares, conditions affecting the general economy and overall market changes, changes or weakness in the business sector the company does business in, and other factors.

F. Exchange-Traded Funds (ETFs)

An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) containing a basket of stocks. Typically, the objective of an ETF is to achieve the same return as a particular market index, including sector indexes. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, the prices of the underlying securities and the overall market may affect ETF prices. Similarly, factors affecting a particular industry segment may affect ETF prices that track that particular sector.

G. Debt Securities (Bonds)

Issuers use 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 such factors 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.

Certain additional risk factors relating to debt securities include:

Reinvestment Risk

When interest rates are declining, investors have to reinvest their interest income and any return of principal, whether scheduled or unscheduled, at lower prevailing rates.

Inflation Risk

Inflation causes tomorrow's dollar to be worth less than today's; in other words, it reduces the purchasing power of a bond investor's future interest payments and principal, collectively known as "cash flows." Inflation also leads to higher interest rates, which in turn leads to lower bond prices.

Interest Rate and Market Risk

Debt securities may be sensitive to economic changes, political and corporate developments, and interest rate changes. Investors can also expect periods of economic change and uncertainty, which can result in increased volatility of market prices and yields of certain debt securities. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices.

Call Risk

Debt securities may contain redemption or call provisions entitling their issuers to redeem them at a specified price on a date prior to maturity. If an issuer exercises these provisions in a lower interest rate market, the account would have to replace the security with a lower yielding security, resulting in decreased income to investors. Usually, a bond is called at or close to par value. This subjects investors that paid a premium for their bond to a risk of lost principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called.

Credit Risk

If the issuer of a debt security defaults on its obligations to pay interest or principal or is the subject of bankruptcy proceedings, the account may incur losses or expenses in seeking recovery of amounts owed to it.

Liquidity and Valuation Risk

There may be little trading in the secondary market for particular debt securities, which may affect adversely the account's ability to value accurately or dispose of such debt securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of debt securities.

It may be possible to reduce the risks described above through diversification of the Client's portfolio and by credit analysis of each issuer, as well as by monitoring broad economic trends and corporate and legislative developments, but there can be no assurance that we will be successful in doing so. Credit ratings for debt securities provided by rating agencies reflect an evaluation of the safety of principal and interest payments, not market value risk. The rating of an issuer is a rating agency's view of past and future potential developments related to the issuer and may not necessarily reflect actual outcomes. There can be a lag between the time of developments relating to an issuer and the time a rating is assigned and updated.

Bond rating agencies may assign modifiers (such as +/-) to ratings categories to signify the relative position of a credit within the rating category. Unless we state otherwise, Clients should include any security within that category without considering the modifier when reading their investment policies based on ratings categories.

H. Municipal Bonds

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. Investing in municipal bonds carries risk unique to these types of bonds, which may include:

Legislative Risk

Legislative risk includes the risk that a change in the tax code could affect the value of taxable or tax-exempt interest income.

Tax-Bracket Changes

Municipal bonds generate tax-free income, and therefore pay lower interest rates than taxable bonds. Investors who anticipate a significant drop in their marginal income-tax rate may benefit from the higher yield available from taxable bonds.

Liquidity Risk

The risk that investors may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value. Liquidity risk is greater for thinly traded securities such as lower-rated bonds, bonds that were part of a small issue, bonds that have recently had their credit rating downgraded or bonds sold by an infrequent issuer. Municipal bonds may be less liquid than other bonds.

I. American Depository Receipts (ADRs)

An ADR is a stock that trades in the United States but represents a specified number of shares in a foreign corporation. Investors buy and sell ADRs on American markets just like regular stocks. Banks and brokerage firms issue/sponsor ADRs. ADRs are subject to risks of investing in foreign securities, including, but not limited to, less complete financial information available about foreign issuers, less market liquidity, more market volatility, and political instability. In addition, currency exchange-rate fluctuations affect the U.S. dollar-value of foreign holdings. Some ADRs and ordinary shares of foreign securities pay dividends, and many foreign countries impose dividend withholding taxes up to 30%. Depending on a custodian's ability to reclaim any withheld foreign taxes on dividends, taxable accounts may be able to recoup a portion of these taxes by use of the foreign tax credit. However, tax-exempt accounts, to the extent they pay any foreign withholding taxes, may not be able to utilize the foreign tax credit. Therefore, investors may be unable to recover any foreign taxes withheld on dividends of foreign securities or ADRs.

J. Cash and Cash Equivalents

The account may hold cash or invest in cash equivalents. Cash equivalents include:

- commercial paper (for example, short-term notes with maturities typically up to 12 months in length issued by corporations, governmental bodies or bank/corporation sponsored conduits (asset-backed commercial paper));
- short-term bank obligations (for example, certificates of deposit, bankers' acceptances (time drafts on a commercial bank where the bank accepts an irrevocable obligation to pay at maturity)) or bank notes;
- savings association and savings bank obligations (for example, bank notes and certificates of deposit issued by savings banks or savings associations);
- securities of the U.S. government, its agencies or instrumentalities that mature, or may be redeemed, in one year or less; and
- corporate bonds and notes that mature, or that may be redeemed, in one year or less.

Cash and cash equivalents are the most liquid of investments. Cash and cash equivalents are considered very low-risk investments meaning, there is little risk of losing the principal investment. Typically, low risk also means low return and the interest an investor can earn on this type of investment is low relative to other types of investing vehicles.

ITEM 9 - DISCIPLINARY INFORMATION

Elements and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. Elements does not have any disciplinary information to disclose.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

1. Registered Representative of Unaffiliated Broker-Dealer

Mr. Nicholas Scalzo is a registered representative of Capital Investment Group, Inc. (CRD# 14752 and herein "CIG"), a non-affiliated broker-dealer and a member of the Financial Industry Regulation Authority ("FINRA"). Mr. Scalzo may also receive compensation, commissions and/or trailing 12b-1 fees from CIG for services provided to CIG's brokerage Clients. However, he does not receive any compensation, commissions and/or trailing 12b-1 fees relating to services provided to Elements' Clients.

2. Related Investment Advisor

Elements is a related entity of Claremont Financial Group, Inc. ("Claremont"), an SEC registered investment advisor. Nicholas and Gaetan Scalzo, the principal owners of Elements, jointly own Claremont. Claremont provides services to retail Clients. Claremont's services include asset allocation strategies, investment and asset management strategies, and financial planning services for a fee. Claremont has entered into a written agreement with Elements in order to provide its Clients the Platform services.

3. ETF Investment Management

Elements serves as the investment sub-advisor to ETFs registered under the Investment Company Act. See Item 4 for details on the ETFs and their strategies. Elements may allocate a portion of Client assets to one or both ETFs, which presents a potential conflict of interest as Elements will receive additional compensation in the form of ETF Sub-Advisor Fees.

4. ProTools, LLC (RiskPro)

Certain advisory persons of Elements are also members of ProTools, LLC ("ProTools"). ProTools offers a web-based risk profiling and portfolio construction tool for Intermediaries called RiskPro™. Elements has entered into an agreement with ProTools whereby Elements has the exclusive right to identify potential licensees of RiskPro. In addition, Elements' agreement with ProTools grants Elements the exclusive right to provide RiskPro licensees with information about the RiskPro Model Portfolios included on the RiskPro web sites. Typically, Strategists make payments to Elements, for the opportunity to be included on the RiskPro web site. Such payments to Elements may create a conflict of interest, in influencing Elements' decision of which Strategist's Model Portfolios to include on the RiskPro web sites. To mitigate conflict, Elements discloses to Intermediaries that Elements receives compensation from Strategists that are included on the RiskPro web site. See Items 5 and 14 for further information regarding Elements' distribution of RiskPro and the potential conflicts of interest that arise in connection with the distribution of RiskPro.

5. Unaffiliated Investment Advisor

Robert Baker and Philip Voelker, Portfolio Managers of Elements, are also owners and advisory persons of Advanced Asset Management Advisors, Inc. (“AAMA”), an unaffiliated SEC registered investment advisor. Mr. Baker and Mr. Voelker serve as advisory persons for Elements in addition to their roles with AAMA.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

1. Code of Ethics

At Elements, we believe that we owe Clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our Clients ahead of the interests of the firm and our personnel. Elements’ personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics. This Code of Ethics applies to all persons associated with Elements. The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. Elements and its personnel owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Elements associates to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code of Ethics covers a range of topics that may include; general ethical principles, reporting personal securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. Elements has written its Code of Ethics to meet and exceed regulatory standards. To request a copy of our Code of Ethics, please contact us at (714) 427-5800.

2. Personal Trading with Material Interest

Elements allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Elements does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advice an investment company. Elements does not have a material interest in any securities traded in Client accounts.

3. Personal Trading in Same Securities as Clients

Elements allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities we recommend (purchase or sell) to you presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted, consistent with Section 204A of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. We have also adopted written policies and procedures to detect the misuse of material, non-public information. We may have an interest or position in certain securities, which may also be recommended to you.

In addition the Code of Ethics governs Gifts and Entertainment given by and provided to the Advisor, outside employment activities of employees, Employee reporting, sanctions for violations of the Code of Ethics, and records retention requirements for various aspects of the Code of Ethics.

4. Personal Trading at Same Time as Client

While Elements allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, these trades do not occur at the same time. Elements will place trades only after Client orders have been placed and filled. **At no time, will Elements or any associated person of Elements, transact in any security to the detriment of any Client.**

ITEM 12 - BROKERAGE PRACTICES

1. Platform Advisory Services

Elements requires Clients to open one or more custodian accounts in their own name at a custodian of the Client’s choice. For Clients in need of brokerage or custodial services, Elements recommends either Schwab Advisor Services™, a division of Charles Schwab & Co., Inc. (“Schwab”), Pershing Advisor Solutions (“Pershing”), Fidelity Institutional Services (“Fidelity”) or TD Ameritrade Institutional (“TD Ameritrade”), as the Custodial Broker for Platform Clients’ accounts. For Clients introduced by their Advisor or referred by a Solicitor, the Client may be required to use the Custodial Broker recommended by the Advisor or the Solicitor’s broker-dealer. The Client will enter into a separate agreement with the Custodial Broker to custody the assets. Elements is independently owned and operated, and unaffiliated with any broker-dealer/custodian.

Clients introduced to us by a third-party advisor will be required to use the Custodial Broker that is specified in their agreement. Under our agreement with the third-party advisor, we are required to effect trades through the broker-dealer that is outlined our agreement.

For individual managed accounts, Elements does not place trades directly, but uses a third-party service provider to place trades for execution.

2. ETF Sub-Advisor Services

As the investment sub-advisor to EPRO and YPRO, Elements is responsible for trade execution.

3. Factors Considered in Selecting Broker-Dealers for Platform Client Transactions

Elements will provide recommendations to Advisors regarding third-party Custodial Broker for the custody of the Platform Client’s cash and/or securities. Factors we consider when recommending a Custodial Broker include but are not limited to, the reasonableness of their commissions, product availability, research and other services available to both the Client and Elements.

4. Research and Other Benefits

Elements may receive from particular Custodial Brokers, without cost (or at a discount), support services and/or products that benefit Elements but may not directly benefit all Clients’ accounts. Custodial Brokers make available products and services that may be used to service all or some substantial number of Elements’ Client

accounts, including accounts not maintained with these brokers. Client trades are not directed to broker-dealers to generate research credits or payments for services, which are referred to as “soft dollars”.

However, Custodial Brokers do make available products and services that assist Elements in managing and administering Clients’ accounts including software and other technology that:

- provide access to Client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple Client accounts;
- provide research, pricing and other market data;
- facilitate payment of Elements’ fees from our Clients’ accounts; and
- assist with back-office functions, recordkeeping, and Client reporting.

Pershing, Schwab and other relationships also offer other services intended to help Elements manage and further develop our business enterprise. These services may include:

- compliance, legal and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

A Custodial Broker may discount or waive fees it would otherwise charge for some of these services of a third-party providing these services to Elements. Custodial Brokers may also provide other benefits such as educational events to Elements.

As part of our fiduciary duty to Clients, Elements endeavors at all times to put the interests of our Clients first. Clients should be aware, however, that the receipt of economic benefits by Elements or our personnel in and of itself creates a potential conflict of interest and may indirectly influence Elements’ recommendation of Custodial Brokers for custody and brokerage services.

5. Directed Brokerage

The above disclosure outlines the brokers and custodians that Elements recommends. Clients who direct Elements to use a particular broker-dealer for all trading may pay higher commission charges. Under these circumstances, Elements may not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. Clients should further understand that when they direct Elements to use a specific broker disparity in transaction charges might exist between the transaction costs charged to other Clients. Elements may not be able to aggregate orders to reduce transaction costs and Clients who direct Elements to use a particular broker-dealer may receive less favorable prices.

Third-party adviser’s may be dually registered as broker-dealers or affiliated with broker-dealers. Third-party adviser may direct Elements to place Client transactions with their broker-dealer, subject to Elements’ duty to seek best execution for Client transactions. Under these circumstances, Elements will have an incentive to place all transactions with the directed broker-dealer in an effort to ensure continued Client referrals from the third-party adviser. Under these circumstances, Elements will generally place Client transactions with the directed broker, unless Elements determines that a transaction should be executed by another broker-dealer in order to attempt to obtain best execution of the transaction.

6. Aggregation and Allocation of Transactions

Elements generally aggregates by Custodial Broker transactions for Platform Clients in the same securities for the purpose of obtaining best execution, negotiating more favorable commission rates, or allocating equitably among Elements’ Clients the differences in prices and commission or other transaction costs that might not have been obtained had such orders been placed independently. No advisory Client will be favored over any other Client, and each account that participates in an aggregated order will participate at the average share price (per Custodial Broker) for all transactions in that security on a given business day. Elements does not aggregate trades of our personnel with those of Client accounts unless our personnel have personal accounts that are managed by Elements through the Platform as we consider those accounts to be Client accounts and generally treated the same as other Clients’ accounts.

Aggregated transactions will be allocated among accounts in writing before the aggregated transaction is transmitted to a broker for execution (Pre Allocation Statement). If the aggregated transaction is filled in its entirety, it will be allocated among the accounts listed on the Pre Allocation Statement. If an aggregated transaction is only partially filled, it will generally be allocated on a *pro rata* basis. However, the transaction may be allocated on a basis different from that specified in the Pre Allocation Statement in both cases (filled entirely or partially filled) so long as all Client accounts participating in the aggregated transaction receive fair and equitable treatment and the reasons for the different allocation is explained in writing and received prior approval by the firm’s Chief Compliance Officer or designee.

ITEM 13 - REVIEW OF ACCOUNTS

1. Review of Institutional Strategists

Elements’ principals continually monitor the Institutional Strategists and Separate Account Managers on the Platform. We will make changes (such as decisions to either hire or fire) to Institutional Strategists and Separate Account Managers as we deem appropriate. Elements will also implement any approved rebalancing to the Platform Model Portfolios as instructed by the Institutional Strategists. Each Platform Client’s Advisor is responsible for monitoring Platform Client suitability and investment objectives and communicating any Platform Model Portfolio and/or Institutional Strategist changes to Elements, as such Advisor deems appropriate.

2. Review of Platform Investment Advisory Accounts

Elements principals review Client accounts, where Elements is acting under an Investment Advisory Agreement, on a periodic basis, but no less frequently than annually. In addition, the Client’s Solicitor is responsible for monitoring Platform Client suitability and investment objectives and communicating any Platform Model Portfolio and/or Institutional Strategist changes to Elements, as such Solicitor deems appropriate.

3. Account Reporting

Each Client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period. In addition, Elements provides Platform Clients and their Advisors and Solicitor representatives other periodic reports that we make available online. These reports include investment activity and performance, allocation of assets, appraisal, and fee reports.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

1. Solicitors for Platform Advisory Services

If an unaffiliated or an affiliated Solicitor introduces a Client to Elements, we may pay that Solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act, and any corresponding state securities law requirements.

If an unaffiliated Solicitor introduces a Client to Elements, that Solicitor will disclose the nature of the Solicitor relationship with Elements at the time of the solicitation. In addition, the Solicitor will provide each prospective Client with a copy of this Disclosure Brochure, and a copy of the written disclosure statement from the Solicitor to the Client disclosing the terms and conditions of the arrangement between Elements and the Solicitor, including the compensation the Solicitor will receive from Elements. Typically, the amount of the Solicitor's fee will not exceed 1.50% per year. Any affiliated Solicitor of Elements will disclose the nature of the relationship to prospective Clients at the time of the solicitation and will provide all prospective Clients with a copy of this Disclosure Brochure.

The Solicitor often serves as the primary relationship contact with Client. The Solicitor's responsibilities shall include:

- **Client Suitability.** The Solicitor will assist the Client determining initial on ongoing suitability for each Client and providing Elements with the required information regarding the Client;
- **Client On-boarding.** The Solicitor will facilitate the on-boarding process for the Client, including supporting the Client in completing the new account opening paperwork, Elements' Investment Advisory Agreement(s), obtaining complete suitability information and other requirements, which may be required;
- **Client Relationship.** The Solicitor will assist with receiving, ascertaining, forwarding and communicating any instructions to or from the Client and promptly providing copies of all required documentation to Elements; and
- **Model Changes.** The Solicitor will facilitate changes in the Platform Model Portfolios in connection with the Client and provide Elements with the required communications and documentation on such changes.

Elements may compensate certain wholesalers who support Elements in the distribution of our services. Wholesalers may contact third-party advisors and discuss the services offered under Elements' Platform. Wholesalers receive compensation based on a percentage of the revenue that Elements receives from Clients who are provided services by us because of the introductions that such wholesalers make to third-party advisors. This arrangement does not affect the total fees paid by the Client. This practice presents a conflict of interest and could give the wholesaler an incentive to recommend Elements' services based on the compensation received rather than on the third-party advisor's Client's needs. This conflict is mitigated as the Client's third-party advisor will decide whether to recommend Elements' Platform to their Clients (not the wholesaler that Elements compensates).

Elements may also receive compensation or other economic benefit from other investment management platforms and strategists in which Elements conducts business.

2. Distribution of RiskPro

A. Compensation or Reimbursement of Elements

Elements receives compensation or reimbursement, in connection with the distribution of RiskPro, in a variety of ways. First, Elements typically receives compensation or reimbursement from the Strategist, when RiskPro is utilized by an Intermediary to purchase a RiskPro Model Portfolio or a mutual fund/ETF managed by a Strategist featured on RiskPro. In some instances, the payment to Elements may be made by the fund or ETF, for services provided by Elements for the benefit of the shareholders of the mutual fund or ETF.

Second, Elements receives Sub-Advisor ETF Fees when EPRO or YPRO is included in a RiskPro Model Portfolio, when that RiskPro Model Portfolio is purchased or held by an Intermediary, for their clients, through the use of RiskPro.

Third, RiskPro includes RiskPro Model Portfolios that are created and managed by Elements, and those RiskPro Model Portfolios typically include EPRO or YPRO, which provide Elements with Sub-Advisor ETF Fees, or mutual funds/ETFs featured on RiskPro, which provide compensation or reimbursement to Elements, when purchased and held by an Intermediary for their clients, through the use of RiskPro. For a discussion of the potential conflicts of interest that may arise as a result of the compensation or reimbursement received by Elements, in connection with the distribution of RiskPro, see subparagraph 5 (B) of this **Item 5**.

Fourth, some Intermediaries may charge their clients a Program Fee, which compensates for a range of services provided by the Intermediary, as well as for services and information provided by Elements that is used by the Intermediary for the benefit of the Intermediary's clients. By agreement between the Intermediary and Elements, the Intermediary may pay a portion of the Program Fee to Elements. The amount of the Program Fee is determined by the Intermediary, and the amount of the Program Fee paid to Elements is negotiated on a case by case basis.

Finally, Elements may receive payments for research services provided by Elements to Intermediaries that utilize RiskPro. The amount of such payments are negotiated on a case by case basis.

B. Potential Conflicts of Interest

Potential conflicts of interest may arise in those instances in which Elements receives compensation or reimbursements, in connection with the distribution of RiskPro. Payments to Elements by Strategists of RiskPro Model Portfolios, or Strategists of funds or ETFs featured on RiskPro (or from the featured funds or ETFs directly), may influence: (i) Elements' decision of which RiskPro Model Portfolios will be offered on RiskPro; or (ii) which mutual funds or ETFs will be part of a RiskPro Model Portfolio, including RiskPro Model Portfolios managed by Elements; or (iii) which mutual funds or ETFs will be featured on RiskPro. Further, payments to Elements' may impact Elements' dealing with Intermediary's that utilize RiskPro, which in turn, may impact the Intermediary's or the Intermediary's clients' selection of RiskPro Model Portfolios or featured funds and ETFs.

In order to mitigate these potential conflicts of interest, provides disclosure to Intermediaries of the types of payments received by Elements, in connection with the distribution of RiskPro, and the potential resulting conflicts of interest, so that Intermediaries and their may make fully informed decisions. For example, disclosure

typically appears: (i) in the agreements between Elements and the Intermediary, regarding information provided by Elements to the Intermediary, in connection with RiskPro; (ii) in Elements' ADV Part 2A; and (iii) as a result of a request made to Elements for additional information about any payments received by Elements, in connection with the distribution of RiskPro.

ITEM 15 – CUSTODY

Elements has custody of some of our Clients' funds or securities only to the extent that Clients authorize us to deduct our fees directly from the Client's account[s]. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds Clients' funds and securities. Clients will receive statements directly from your qualified custodian at least quarterly. The statements will reflect the Client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee.

Clients should carefully review the account statements you receive from your qualified custodian. When Clients receive statements from Elements as well as from the qualified custodian, Clients should compare these two reports carefully. Clients with any questions about your statements should contact us at the address or phone number on the cover of this Disclosure Brochure. Clients who do not receive their statement from your qualified custodian at least quarterly should also notify us.

ITEM 16 - INVESTMENT DISCRETION

Elements has full discretion to decide and appoint third party managers (e.g. Institutional Strategists and Separate Account Managers) and to determine the specific security to trade, the quantity, and the timing of transactions for Client accounts on the Platform (with the exception of accounts invested in Separately Managed Equity and Bond Model Accounts) without notice to, or approval from each Client. Elements is granted this discretionary power in the written agreement between Elements and the Advisors (or in the case of a solicited Client, the written agreement between Elements and the Client). Clients also give us trading authority over their accounts when they sign the custodian paperwork. In the case of Separately Managed Equity and Bond Model Accounts, Elements delegates this discretionary authority to the Separate Account Manager.

However, certain Client-imposed conditions may limit Elements' and the Separate Account Manager's discretionary authority, such as where the Client prohibits transactions in specific security types or directs Elements to execute transactions through specific broker-dealers. See also *Item 4 - Tailored Services and Client Imposed Restrictions* and *Item 12 – Brokerage Practices*, above.

Eligible Client accounts are placed into a Unified Managed Account (“UMA”) structure, unless otherwise directed by the Client or its authorized agent (advisor or Solicitor). Elements will use its best efforts to implement instructions for new accounts that are received by Elements, in proper and complete form, within five (5) business days following the date the funds are received into the Client's account. The advisor or Solicitor, as applicable, shall be responsible for validating that each new account for their Client relationships are properly invested within three (3) days following the implementation. Please note that incomplete or incorrect account forms may result in a delay in implementing investment instructions. **Elements cannot implement instructions on any incomplete or incorrect forms.** Elements will use best efforts to resolve any issues on this new account form in a timely manner. **After 5 business days with no response to our requests for assistance, Elements will consider the instructions to be void.**

Elements will rebalance accounts for Clients on the Platform in accordance with the changes communicated to Elements by the Institutional Strategists subject to our discretion. Elements has the authority to hire and fire the Institutional Strategists and Separate Account Managers in the Platform. Elements will use its best efforts to provide Advisors with reasonable advanced notice of any termination and the opportunity to select an alternative Institutional Strategist.

ITEM 17 - VOTING CLIENT SECURITIES

1. Proxy Voting

A. Platform and Investment Advisory Clients

Elements does not have the authority to vote Platform Client securities (proxies) on behalf of our Platform Clients and neither do the Strategists. We have no obligation to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a Platform Client's account. Each Platform Client will have the obligation to vote proxies in their own account. We do not assume proxy-voting authority solely because we may provide information about a particular proxy vote to a Client or the Client's Advisor.

B. Mutual Funds

The investment adviser that manages the assets of a registered investment company (i.e., mutual fund) generally votes proxies issued on securities held by the mutual fund.

C. ETF Investment Management

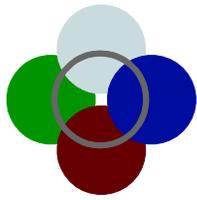
Elements will vote proxies on behalf of the ETFs sub-advised by Elements. As fund of funds, the proxies are limited to proxies issued by other ETFs. Proxies for underlying securities contained in each underlying ETF are voted by the respective advisors to those ETFs.

D. Class Actions

Elements does not instruct or give advice to Clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the Client's behalf. However, if a Client notifies us that they wish to participate in a class action, we will provide the Client with any transaction information pertaining to the Client's account needed for the Client to file a proof of claim in a class action.

ITEM 18 - FINANCIAL INFORMATION

Registered investment advisers are required in this item to provide Clients with certain financial information or disclosures about the firm's financial condition. Elements does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to Clients.



THE
ELEMENTS
FINANCIAL GROUP, LLCSM
REGISTERED INVESTMENT ADVISOR

Individuals covered by this supplement include:

Nicholas B. Scalzo
Jeffrey K. Olsen
Richard R. Lavin
Robert D. Baker
Philip A. Voelker

2077 West Coast Highway
Suite A
Newport Beach, CA 92663
(714) 427-5800

Form ADV, Part 2B Brochure Supplements

August 23, 2016

This combined Brochure Supplement provides information that supplements The Elements Financial Group, LLC Disclosure Brochure. You should have already received a copy of that Disclosure Brochure. Please contact Richard Lavin, Chief Compliance Officer at (714) 427-5800 if you did not receive our Disclosure Brochure or if you have any questions about the contents of this combined Brochure Supplement.

Additional information about Nicholas Braun Scalzo, Jeffrey Kent Olsen, Robert Dean Baker, Philip Alan Voelker and Richard Lavin is available on the SEC's website at www.adviserinfo.sec.gov.

NICHOLAS BRAUN SCALZO

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Nicholas Braun Scalzo, Chief Executive Officer, b. 1969

Education:

Attended California State University, Fullerton, 1987-1992

Business Background:

The Elements Financial Group, LLC, Chief Executive Officer, December 2006 to Present

Claremont Financial Group, Inc., Co-CEO, September 2005 to Present

Capital Investment Group, Inc., Registered Representative, December 2011 to Present

ProTools, LLC, Managing Member, November 2011 to Present

Pacific Financial Associates, Registered Principal, October 2005 to December 2011

Associated Securities Corp., Registered Rep, July 2002 to October 2005

Professional Designations

Chartered Life Underwriter

The CLU designation is conferred by The American College. To earn the credential, each CLU candidate must take a proctored exam for each course of study, have 3 years of full-time business experience within the five years preceding the awarding of the designation, and also complete a minimum of 30 hours of continuing education every two years. More information regarding the CLU can be found at <http://www.cluhigheststandard.com/>.

ITEM 3 - DISCIPLINARY INFORMATION

Nicholas Scalzo has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Nicholas Braun Scalzo also serves as an owner of Claremont Financial Group, Inc. ("CFG"), a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"), which is under common control with Elements. In addition, he is a registered representative with Capital Investment Group, Inc. ("CAP"). CAP is a non-affiliated broker-dealer and a member of the Financial Industry Regulation Authority ("FINRA"). In his own capacity as a registered representative of CAP, he may recommend securities and/or investment products offered by CAP or its affiliates. When making such recommendations he may receive compensation, commissions and/or trailing 12b-1 fees from CAP for services provided to CAP's brokerage Clients. However, he does not receive any compensation, commissions and/or trailing 12b-1 fees relating to services provided to Elements' Clients. Mr. Scalzo is also a Managing Member of ProTools, LLC. ProTools, LLC offers a web-based risk profiling and portfolio construction tool for financial professionals called RiskPro™.

ITEM 5 - ADDITIONAL COMPENSATION

Mr. Scalzo only receives compensation under the arrangements disclosed above in *Item 4 – Other Business Activities*.

ITEM 6 - SUPERVISION

Mr. Scalzo is the Chief Executive Officer of Elements and a voting member of the investment committee. Mr. Scalzo also receives guidance from the investment committee with respect to his investment activities. In addition, Richard R. Lavin (CLO/CCO) provides oversight functions of business activities under the direction of the Advisor's executive team. Mr. Lavin can be reached at (714) 427-5800.

JEFFREY KENT OLSEN

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Jeffrey K. Olsen, President, b. 1968

Education:

Bachelor of Social Ecology, Magna Cum Laude, University of California Irvine, 1992

Business Background:

The Elements Financial Group, LLC, President, June 2012 to Present

The Elements Financial Group, LLC, National Sales Director, May 2008 to June 2012

Pacific Financial Associates, Registered Representative, August 2008 to October 2011

John Hancock Wood Logan, Regional Vice President, August 1993 to May 2008

ITEM 3 - DISCIPLINARY INFORMATION

Jeffrey Olsen has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Mr. Olsen is also a Managing Member of ProTools, LLC. ProTools, LLC offers a web-based risk profiling and portfolio construction tool for financial professionals called RiskPro™.

ITEM 5 - ADDITIONAL COMPENSATION

Mr. Olsen's only compensation comes from his regular salary and ownership of The Elements Financial Group, LLC.

ITEM 6 - SUPERVISION

Mr. Olsen is the President of Elements and a voting member of the investment committee. Mr. Olsen is supervised by Nicholas Scalzo (CEO). Mr. Olsen also receives guidance from the investment committee with respect to his investment activities. In addition, Richard R. Lavin (CLO/CCO) provides oversight functions of business activities under the direction of the Advisor's executive team. Mr. Lavin can be reached at (714) 427-5800.

RICHARD ('RICK') REID LAVIN

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

RICHARD R. LAVIN, Chief Legal Officer, Chief Compliance officer, b. 1955

Education:

Bachelor of Arts, Cum Laude, Brandeis University, 1977
Juris Doctor, Magna Cum Laude, Boston College Law School, 1980

Business Background:

The Elements Financial Group, LLC, Chief Operating Officer, Chief Legal Officer, April 2015 to Present
Meeder Investment Management, Chief Legal Officer, February 2014 to April 2015
GH Consulting, Managing Member, July 2012 to January 2014
Cole Capital Real Estate, General Counsel, January 2010 to June 2012
Goodheart Properties, Managing Member, December 2005 to December 2009

ITEM 3 - DISCIPLINARY INFORMATION

Rick Lavin has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Mr. Lavin is dedicated full time to Elements and does not have any other business activities.

ITEM 5 - ADDITIONAL COMPENSATION

Mr. Lavin does not receive any additional forms of compensation.

ITEM 6 - SUPERVISION

Mr. Lavin is the Chief Legal Officer and Chief Compliance Officer of Elements. Mr. Lavin is supervised by Nicholas Scalzo (CEO) and Jeffrey Olsen (President). Mr. Scalzo and Mr. Olsen can be reached at (714) 427-5800.

ROBERT D. BAKER

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Robert D. Baker, Portfolio Manager, b. 1959

Education:

Bachelor of Science in Finance, Ohio State University, 1981

Business Background:

The Elements Financial Group, LLC, Portfolio Manager, May 2015 to Present
Advance Asset Management Advisors, Inc., President, January 1999 to Present

ITEM 3 - DISCIPLINARY INFORMATION

Robert Baker has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Unaffiliated Investment Advisor

Robert Baker, Portfolio Manager of Elements, is also an owner and advisory person of Advanced Asset Management Advisors, Inc. ("AAMA"), an unaffiliated SEC registered investment advisor. Mr. Baker serves as an advisory person for Elements in addition to his role with AAMA.

ITEM 5 - ADDITIONAL COMPENSATION

Mr. Baker only receives compensation under the arrangements disclosed above in *Item 4 – Other Business Activities*.

ITEM 6 - SUPERVISION

Robert Baker is a Portfolio Manager of Elements and a member of the investment committee. Mr. Baker is supervised by Nicholas Scalzo (CEO). Mr. Baker also receives guidance from the investment committee with respect to his investment activities. In addition, Richard R. Lavin (CLO/CCO) provides oversight functions of business activities under the direction of the Advisor's executive team. Mr. Lavin can be reached at (714) 427-5800.

PHILIP A. VOELKER

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Philip A. Voelker, Portfolio Manager, b. 1954

Education:

Bachelor of Science in Business Administration, Ohio State University, 1975

Business Background:

The Elements Financial Group, LLC, Portfolio Manager, May 2015 to Present
Advance Asset Management Advisors, Inc., Senior Vice President and Chief Investment Officer, November 2011 to Present

ITEM 3 - DISCIPLINARY INFORMATION

Philip Voelker has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Unaffiliated Investment Advisor

Philip Voelker, Portfolio Manager of Elements, is also an owner and advisory person of Advanced Asset Management Advisors, Inc. ("AAMA"), an unaffiliated SEC registered investment advisor. Mr. Voelker serves as an advisory person for Elements in addition to his role with AAMA

ITEM 5 - ADDITIONAL COMPENSATION

Mr. Voelker only receives compensation under the arrangements disclosed above in *Item 4 – Other Business Activities*.

ITEM 6 - SUPERVISION

Philip Voelker is a Portfolio Manager of Elements and a member of the investment committee. Mr. Baker is supervised by Nicholas Scalzo (CEO). Mr. Baker also receives guidance from the investment committee with respect to his investment activities. In addition, Richard R. Lavin (CLO/CCO) provides oversight functions of business activities under the direction of the Advisor's executive team. Mr. Lavin can be reached at (714) 427-5800.

Privacy Policy

Effective: July 30, 2015

Your relationship with us is based on trust and confidence and we value our relationships with our Clients. In order to fulfill our responsibilities to you, we require that you provide us with current and accurate financial and personal information. We will protect the information you have provided in a manner that is safe, secure and professional. We are very committed to protecting your privacy and to safeguarding that information.

Type of Information We Require

We may require and obtain the following kinds of confidential personal information about you:

- Information on applications or other forms, such as your name, address, assets, phone number, social security number, occupation, assets, income and other financial and family information;
- Information about your transactions with us, our affiliates or with brokerages, banks and custodians with whom you hold investment or cash accounts. This information includes account numbers, holdings, balances, transaction history and other financial and investment activities.

Sharing Nonpublic Personal and Financial Information

The Elements Financial Group, LLC (“Elements”) is committed to the protection and privacy of its customer’s and consumer’s personal and financial information. Elements will not share such information with any non-affiliated third party except:

- When necessary to complete a transaction in the account, such as with the clearing firm or account custodians;
- When required to maintain or service the account;
- To resolve customer disputes;
- When requested by a fiduciary or beneficiary on the account;
- When required by our attorneys or accountants;
- When required by a regulatory agency, or for other reasons required or permitted by law;
- In connection with a sale or merger of Elements’ business;
- In any circumstance, that has the customer’s instruction or consent.

Protection of Personal Information

We restrict access to your personal and account information to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards to guard your personal information.