

# Craft Asset Management, LLC

## Form ADV Part 2A: *Firm Brochure*

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This disclosure brochure provides information about the qualifications and business practices of Craft Asset Management LLC dba Craft Asset Management (also referred to as “Craft Asset Management”, “we” and “us” throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Evan Chiarenzelli at 304-303-9949 or [evan@craftassetmanagement.com](mailto:evan@craftassetmanagement.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Craft Asset Management is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm’s information on this website by searching for Craft Asset Management or our firm’s CRD number **289557**.

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\*Registration as an investment adviser does not imply a certain level of skill or training.

**Dated: March 21, 2023**

## Item 2 – Material Changes

This brochure dated March 21, 2023 has been prepared by Craft Asset Management to meet state requirements. This section only addresses material changes that have been incorporated since our last annual posting of this document on the public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Material changes since our last filing:

### **ITEM 4:**

Updated Client Assets Managed by Craft Asset Management.

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## **Item 4 – Advisory Business**

Craft Asset Management LLC dba Craft Asset Management is a state-registered investment adviser located in Florida. The firm was established as a limited liability company (LLC) under the laws of the State of West Virginia and registered as an investment adviser in August 2017. As of April 2020, Craft Asset Management moved its primary office location to Tampa, Florida and is a limited liability company (LLC) under the laws of the State of Florida.

Evan Chiarenzelli is the Chief Compliance Officer (CCO) and Managing Member of Craft Asset Management LLC. He is also the controlling owner of Craft Asset Management LLC. Full details of the education and business background of Evan Chiarenzelli are provided at *Item 19* of this Disclosure Brochure.

### **Introduction**

The investment advisory services of Craft Asset Management are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of Craft Asset Management (referred to as your investment adviser representative throughout this brochure).

### **Fiduciary Advice to Qualified Accounts**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interests ahead of yours.

As fiduciaries we are obligated to do the following:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

### **Description of Advisory Services**

The following are descriptions of the primary advisory services of Craft Asset Management. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Craft Asset Management before we can provide you the services described below.

**Asset Management Services** – We offer asset management services which involve our firm providing you with continuous and ongoing supervision and management over your specified accounts.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your

name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however, we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

**No Participation in Wrap Fee Programs.** A wrap-fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management and/or advice concerning the selection of other investment advisers) and the execution of client transactions. We do not offer or participate in wrap-fee programs. All of our services are provided on a non-wrap fee basis which means fees and expenses for execution of client transactions charged by the client's broker/dealer and/or custodian are billed directly to the client's account separately from our advisory fees.

**Financial Planning Services** - Craft Asset Management offers financial planning services, which involve preparing a written financial plan covering specific or multiple topics. We provide full written financial plans, which typically address the following topics:

- Asset Allocation,
- Cash Flow Analysis & Budgeting,

- College/Education Planning,
- Estate Planning,
- Investment Planning,
- Retirement Planning, and
- Risk Management.

When providing financial planning services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives.

Our financial planning services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement our financial planning recommendations. To the extent that you would like to implement any of our investment recommendations through Craft Asset Management or retain Craft Asset Management to actively monitor and manage your investments, you must execute a separate written agreement with Craft Asset Management for our asset management services.

**Limits Advice to Certain Types of Investments**

Craft Asset Management provides investment advice on the following types of investments:

- Mutual Funds
- Equities (e.g. individual stock options)
- Exchange Traded Funds (ETFs)
- Exchange-listed Securities
- Fixed Income Positions
- Corporate Debt Securities
- Certificates of Deposit
- Municipal Securities
- Variable Annuities
- Variable Life Insurance
- Options Contracts on Securities

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client’s specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)

**Tailor Advisory Services to Individual Needs of Clients**

Craft Asset Management’s advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose

restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information. Our financial planning services are always provided based on your individual needs. When providing financial planning services, we work with you on a one-on-one basis through interviews and questionnaires to determine your investment goals, objectives and financial situation.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

### **Client Assets Managed by Craft Asset Management**

Craft Asset Management, as of December 31, 2022 has \$39,846,512 in discretionary reportable assets under management and \$1,651,738 in non-discretionary reportable assets under management for a total of \$41,498,250 in assets under management.

### **Item 5 – Fees and Compensation**

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm’s services along with descriptions of each service’s fees and compensation arrangements. Craft Asset Management believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs.

The exact fees and other terms will be outlined in the agreement between you and Craft Asset Management.

### **Asset Management Services**

Fees charged for our asset management services are charged based on a percentage of assets under management. The annual fee is billed in advance (at the start of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the previously ended calendar quarter. The market value is the sum of all the values of the account, not adjusted by any margin debt. Clients that pay fees based on assets under management versus the net value of an account will (1) pay additional fees for securities bought on margin and (2) the Craft Asset Management has a conflict of interest when securities are bought on margin because this will increase advisory fees. Craft Asset Management mitigates this conflict by disclosing this conflict to you and disclosing that clients always have the right whether to purchase securities on margin. Our fiduciary obligation is to always act and recommend in the clients’ best interest.

Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period is based on



the value of the Account when services commence and is due immediately and will be charged when services commence.

Quarterly investment advisory fees are calculated using the following formula:

$$[Annual Percentage rate \div 4] \times [Market Value of Account] +/- [any fee adjustment for inflows or out flows in the account] = Client Fee for the Billing Period$$

The following is our standard annual fee schedule based upon the amount of total client assets under our management. Although the following is our standard fee schedule, fees charged for our asset management services are negotiable based upon factors such as the type of client, the complexity of the client's situation, and the total amount of assets under management for the client.

<u>Assets under Management</u>	<u>Annual Fees</u>
Below \$249,999	2.000%
\$250,000 – \$499,999	1.750%
\$500,000 – \$999,999	1.500%
\$1,000,000 – \$1,999,999	1.000%
\$2,000,000 and Above	0.750%

The investment advisory fees will be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account. You will need to provide standing authorization to the qualified custodian(s) of your account allowing us to deduct fees from your account and pay such fees directly to our firm. Our firm will send you a billing statement at the same time that fee deduction instruction is sent to the qualified custodian(s) of your account. The billing statement will detail the formula used to calculate the fee, the assets under management and the time period covered. See *Item 15 – Custody* for more details.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

The asset management services continue in effect until terminated. You may terminate the services by providing Craft Asset Management with notice. Craft Asset Management may terminate the services by providing you with written notice effective 30 days after you receive the written notice. Any prepaid, unearned fees will be promptly refunded by Craft Asset Management to you. Fee refunds will be determined on a pro rata basis using the number of days services are actually provided during the final period.

Brokerage expenses and/or transaction ticket fees charged by the qualified custodian are billed directly to you by the qualified custodian. Craft Asset Management does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you may incur certain charges imposed by third parties other than Craft Asset Management in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Craft Asset

Management are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

Craft Asset Management may determine that all or a portion of the assets in the account be managed by an outside investment manager or subadvisor. Fees charged by a subadvisor will be fully disclosed to Client. Subadvisory fees may be paid by adviser from its advisory fees and will not result in increased fees to Client. For the purposes of this section, the Adviser is authorized to use its discretion in selecting or changing a subadvisor and/or outside money manager to the account without prior approval from the Client. Client may be required to execute a limited power of attorney with a subadvisor selected by adviser under this section.

### **Financial Planning Services**

Fees charged for our financial planning services are negotiable based upon the type of client, the complexity of the client's situation, and whether the client is also receiving our Asset Management Services. The following are the fee arrangements available for financial planning services offered by Craft Asset Management.

Craft Asset Management provides financial planning services for a mutually agreed upon fixed fee. There is a range in the amount of the fixed fee charged by Craft Asset Management for financial planning services.

The minimum fixed fee is generally \$500 and the maximum fixed fee is generally no more than \$2,500. For example, financial plans that are less complicated and only need to cover one or two topics will typically range between \$500 and \$1,000. Plans detailing more complicated situations and covering multiple topics will typically cost more between \$2,000 and \$2,500. The amount of the fixed fee for your engagement is specified in your financial planning agreement with Craft Asset Management.

You will need to pay 50% of the fixed fee in advance of commencing financial planning services with the remainder due upon completion and presentation of the plan. At no time will Craft Asset Management require pre-payment of more than \$500 in fees more than six months in advance.

The financial planning services terminate upon delivery of the written financial plan or upon either party providing the other party with written notice of termination.

You may terminate the financial planning services within five (5) business days of entering into an agreement with Craft Asset Management without penalty (e.g. no fees due or a full refund of all fees paid in advance). If you terminate the financial planning services after five (5) business days of entering into an agreement, you will be responsible for immediate payment of any financial planning services performed by Craft Asset Management prior to the receipt by Craft Asset Management of your notice. You will pay Craft Asset Management a pro-rated fixed fee equivalent to the percentage of work completed by Craft Asset Management as determined by Craft Asset Management. We will refund any pre-paid, unearned fees.

In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be refunded by Craft Asset Management to you.

You may pay the investment advisory fees owed for the financial planning services directly by check or by having the fee deducted from an existing investment account. If you elect to pay by automatic deduction from an existing investment account, you will need to provide written authorization to Craft Asset Management and the qualified custodian of your account for such charge. Our firm will provide you with a billing statement prior to the time that fee deduction instruction is sent to the qualified custodian(s) of your account. The billing statement will detail the total fee due for services provided.

You should notify Craft Asset Management within ten (10) days of receipt of an invoice if you have questions about or dispute any billing entry.

All fees paid to Craft Asset Management for services are separate and distinct from the commissions, fees and expenses charged by insurance companies associated with any disability insurance, life insurance and annuities subsequently acquired by you. If you sell or liquidate certain existing securities positions to acquire any insurance or annuity, you may also pay a commission and/or deferred sales charges in addition to the financial planning and consulting fees paid to Craft Asset Management and any commissions, fees and expenses charged by the insurance company for subsequently acquired insurance and/or annuities.

All fees paid to Craft Asset Management for financial planning services are separate and distinct from the commissions charged by a broker-dealer or asset management fees charged by an investment adviser to implement such recommendations.

Craft Asset Management has a conflict of interest when providing both financial planning and investment management services. When providing financial planning services, Craft Asset Management has an incentive to recommend itself for investment management services. Craft Asset Management mitigates this conflict of interest by disclosing this conflict to you and disclosing that client always have the right whether to engage Craft Asset Management for Investment Management Services. Our fiduciary obligation is to always act and recommend in the clients' best interest.

Craft Asset Management does not charge advisory fees on insurance or annuities. Please see **Item 10 – Other Financial Industry Activities and Affiliations** for disclosure of conflicts of interest when Craft Asset Management employees acting as a registered representative of a broker-dealer or as an insurance agent.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Firm Brochure because we do not charge or accept performance-based fees.

## **Item 7 – Types of Clients**

Craft Asset Management generally provides investment advice to individuals, natural-person clients and High Net Worth Individuals. You are required to execute a written agreement with Craft Asset Management specifying the particular advisory services in order to establish a client arrangement with Craft Asset Management.

### **Minimum Investment Amounts Required**

There are no minimum investment amounts or conditions required for establishing an account managed by Craft Asset Management. However, all clients are required to execute an agreement for services in order to establish a client arrangement with Craft Asset Management and/or the third-party money manager or the sponsor of third-party money manager platforms.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis**

Craft Asset Management uses the following methods of analysis in formulating investment advice:

Charting - This is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

### **Investment Strategies**

Craft Asset Management uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Frequent trading. This strategy refers to the practice of selling investments within 30 days of purchase.

We primarily follow a Value-Investing strategy that attempts to acquire at reasonable valuations publicly traded businesses that can deliver sustainable excess returns. We focus on a long-only strategy. Long term strategies are designed to identify and select investments to be held for multiple years. We will also invest in value oriented special situations with shorter expected holding periods.

Value Investing can be described as a strategy of selecting stocks that trade for less than their intrinsic values. Value investors typically seek stocks of companies that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company's long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated. Often, value investors select stocks with lower-than-average price-to-book or price-to-earnings ratios and/or high dividend yields. The risks associated with value-investing include incorrectly analyzing and overestimating the intrinsic value of a business, concentration risk, under performance relative to major benchmarks, macro-economic risks, investing in value traps i.e. businesses that remain perpetually undervalued, and lost purchasing power on cash holdings in the case of inflation.

Option writing including cover options, uncovered options or spreading strategies. Options are contracts

giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

Tactical asset allocation. Allows for a range of percentages in each asset class (such as Stocks = 40-50%). The ranges establish minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

- **ETF and Mutual Fund Risk** – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- **Management Risk** – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

### **Item 9 – Disciplinary Information**

Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

### **Item 10 – Other Financial Industry Activities and Affiliations**

Aside from Simplex Belli Partners, LLC (discussed below), which is engaged in the management of pooled investment vehicles, Craft Asset Management is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

Simplex Belli Partners, LLC, a Florida limited liability company ("Simplex") and an affiliate of Craft Asset Management, is engaged in the management of domestic and non-U.S. pooled investment vehicles. Evan Chiarenzelli is a Manager and co-owner of Simplex. As such, a material conflict of interests may arise as a result of his dual responsibilities to Craft Asset Management and Simplex. Further, as a result of the fee / allocation arrangements in which Simplex may be a party to, Evan Chiarenzelli may be incentivized to devote additional time to Simplex. To counteract any such conflicts, Evan Chiarenzelli will apportion his time equitably as between Simplex and Craft Asset Management. Evan Chiarenzelli does not solicit clients of Craft Asset Management to invest in Simplex Belli Partners, LLC.

### ***Insurance Agent and Agency***

Some of our employees may be insurance agents. You may work with employees in their separate capacity as an insurance agent. When acting in their separate capacity as an insurance agent, employees may sell, for commissions, general fixed and variable life insurance and annuity products as well as index(ed)

products. As such, our employees in their separate capacity as an insurance agent may suggest that you implement recommendations of Craft Asset Management by purchasing insurance products. Insurance producers may also receive other incentive awards for the recommendation/sale of annuities and other

insurance products. Additionally, certain product sponsors may provide insurance producers with other economic benefits as a result of their recommendation or sale of the product sponsors' insurance offerings. The economic benefits received by insurance producers from product sponsors can include but are not limited to, financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist our employees in providing various services to clients.

Craft Asset Management employees who are insurance agents may have an incentive to recommend insurance based on the compensation or other benefits they receive rather than taking into account your needs and objectives. Craft Asset Management mitigates this conflict by this disclosure to you. You have the right to decide whether to purchase insurance and use insurance agents who are also associates of Craft Asset Management or whether to use an outside agency. As a fiduciary, Craft Asset Management will only make a recommendation to purchase insurance when it is in the client's best interest.

Craft Asset Management is licensed as an Insurance Agency in the States of Florida, Colorado, Kentucky, West Virginia, Virginia, Ohio, Maryland and Washington DC. Sylina Frasure is an Active Designated Licensed Producer for the Craft Asset Management Agency.

Craft Asset Management may select outside money managers or sub-advisors. We are not compensated for that selection. Subadvisory fees may be paid by adviser from its advisory fees and will not result in increased fees to Client.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics Summary**

An investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Craft Asset Management has established a Code of Ethics to comply with the requirements of the securities laws and regulations that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. Craft Asset Management's Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. Craft Asset Management requires its supervised persons to consistently act in your best interest in all advisory activities. Craft Asset Management imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Craft Asset Management. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

Craft Asset Management, or its employees, may buy and sell some of the same securities for our own accounts that we buy and sell for our clients. We will always buy or sell from our clients' accounts before



we buy or sell from our accounts. In some cases, Craft Asset Management, or its employees, may buy or sell securities for our own accounts and not for clients' accounts, as it may not meet the objectives or plans for the client. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor its employees with our firm shall have priority over your account in the purchase or sale of securities.

It is the express policy of Craft Asset Management that all persons supervised in any manner with our firm must place clients' interests ahead of their own when implementing personal investments.

As is required by our internal procedures manual, Craft Asset Management and its supervised persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry. We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, supervised persons). Any supervised person not observing our policies is subject to sanctions up to and including termination.

We will always evaluate our activity from the view of our clients to ensure that any and all required disclosures are made. For example, we will disclose anything that would cause you to be unfairly influenced to make any decision regarding actions or inactions in your account.

Craft Asset Management does not buy or sell between Craft Asset Management, our employees or our clients' accounts.

Craft Asset Management always tries to get the best price for the client. Craft Asset Management has in place internal controls and processes to allow contemporaneous trading (submitting Craft Asset Management or employee orders at the same time as client order) in block or aggregate trades. In other cases, except in the case of unaffiliated mutual funds, we will always trade individual securities in a client account before we trade Craft Asset Management or employee accounts.

## **Item 12 – Brokerage Practices**

Clients are under no obligation to act on the financial planning recommendations of Craft Asset Management. If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)

- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back-office services, technology and pricing of services offered.

**Brokerage Recommendations – Fidelity**

If you elect to utilize our management services we recommend that you establish a brokerage account at Fidelity Institutional Wealth Services as a result of our participation in the Fidelity Institutional Wealth Services program. Fidelity Institutional Wealth Services is a division of Fidelity, Inc.

National Financial Services LLC, a Fidelity-affiliated registered broker/dealer, member FINRA/SIPC, will serve as the client’s qualified custodian and maintain physical custody of all client funds and securities. You must designate Craft Asset Management as your investment advisor on the accounts you’d like us to manage. Craft Asset Management will be granted limited power-of-attorney on the account to implement trades within the account and deduct our advisory fees from the account.

Fidelity also makes available to Craft Asset Management other products and services that we benefit from but may not benefit your accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from client accounts
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or a substantial number of our accounts. Fidelity also makes available other services intended to help us manage and further develop our business. These services may include:

- Consulting, publications and conferences on practice management
- Information technology
- Business succession
- Regulatory compliance
- Marketing.

In addition, Fidelity may make available, arrange and/or pay for these types of services rendered to Craft Asset Management by independent third-parties providing these services to us. As a fiduciary, we endeavor to act in your best interest. Our requirement that you maintain your assets in accounts at Fidelity may be based in part on the benefit to us of the availability of some of the foregoing products and services

and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity. This creates a potential conflict of interest.

### **Directed Brokerage**

Although we recommend, and in some cases we require, the use of Fidelity, clients may be able to select the broker-dealer that will be used for their accounts.

Clients directing the use of a particular broker/dealer or other custodian must understand that we may not be able to obtain the best prices and execution for the transaction. Under a client-directed brokerage arrangement, clients may receive less favorable prices than would otherwise be the case if the client had not designated a particular broker/dealer or custodian. Directed brokerage account trades are generally placed by Craft Asset Management after effecting trades for other clients of Craft Asset Management. In the event that a client directs Craft Asset Management to use a particular broker or dealer, Craft Asset Management may not be authorized to negotiate commissions and may be unable to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct Craft Asset Management to use a particular broker or dealer versus clients who do not direct the use of a particular broker or dealer. By directing brokerage, Craft Asset Management's practices may cost clients more money. Not all advisers require their clients to direct brokerage.

### **Block Trading Policy**

Craft Asset Management is authorized to aggregate purchases and sales and other transactions made for your account with purchases and sales and other transactions in the same or similar securities or instruments for other clients of ours. When we aggregate transactions, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities or instruments involved at the average price obtained. Stock exchange regulations may in certain instances prevent the executing broker-dealer from delivering to the account a confirmation slip with respect to its participation in the aggregate transaction and, in such event we will advise you in writing of any purchase or disposition of instruments for the account with respect to any such aggregated transaction. We will direct that confirmations of any transactions effected for the account will be sent, in conformity with applicable law, to you.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Managed accounts are reviewed no less than annually. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and

objectives review and making a change if strategy and objectives have changed. Reviews are conducted by Evan Chiarenzelli or his designee, with reviews performed in accordance with your investment goals and objectives.

Our financial planning services terminate upon the presentation of the written plan. Our financial planning services do not include monitoring the investments of your account(s), and therefore, there is no ongoing review of your account(s) under such services. If you elect to implement any of our investment recommendations through Craft Asset Management or retain Craft Asset Management to actively monitor and manage your investments, you must execute a separate written agreement with Craft Asset Management for our asset management services.

### **Statements and Reports**

For our asset management services, you are provided with transaction confirmation notices and regular quarterly account statements in writing directly from the qualified custodian. Additionally, Craft Asset Management will provide position and/or performance reports to you quarterly and upon request. You are encouraged to always compare any reports or statements provided by us against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

Financial planning clients do not receive any report other than the written plan originally contracted for and provided by Craft Asset Management.

### **Item 14 – Client Referrals and Other Compensation**

Craft Asset Management does not directly or indirectly compensate any person for client referrals. The only compensation received from advisory services is the fees charged for providing investment advisory services as described in *Item 5* of this Disclosure Brochure. Craft Asset Management receives no other forms of compensation in connection with providing investment advice.

However, in some situations, an advisory client could work with Evan Chiarenzelli in his separate capacity as an insurance agent. When selling insurance Evan Chiarenzelli will receive commissions.

Please see Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.

### **Item 15 – Custody**

Asset Management Accounts are established with a “qualified custodian”. Each Client has a direct relationship with their custodian. When fees are deducted from an account, Craft Asset Management is responsible for calculating the fee and delivering instructions to the custodian. Craft Asset Management possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.

At the same time Craft Asset Management instructs the custodian to deduct fees from your account; Craft Asset Management will send you an invoice itemizing the fee. Itemization will include (1) the formula used to calculate the fee, (2) the amount of assets under management the fee is based on, and (3) the time period covered by the fee. The ability to deduct our advisory fees from your account deems Craft Asset

Management to have custody of client assets. Craft Asset Management does not maintain physical custody of client funds or securities.

Clients will receive account statements from their custodian, typically issued quarterly, but may be sent more frequently depending upon the activity within the account. The account statements from your custodian will show all disbursements from the custodial account including the amount of our advisory fees deducted from your account(s) each billing period. Clients should review their statements to ensure accuracy. When clients have questions about their account statements, they should contact Craft Asset Management or the qualified custodian preparing the statement.

### **Item 16 – Investment Discretion**

Through our Asset Management Services and upon receiving written authorization from a client in our firm’s written agreement for services, we will maintain trading authorization over client accounts. Upon receiving written authorization from the client, we may implement trades on a **discretionary** basis. When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client’s portfolio without obtaining the client’s consent for each transaction.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

Authorization to trade accounts on a discretionary or non-discretionary basis will be set forth in the written agreement for services executed by our firm and the client.

You will always have the ability to place reasonable restrictions on the types of investments that may be purchased in the Account. You may also place reasonable limitations on the discretionary power granted to Craft Asset Management so long as the limitations are specifically set forth or included as an attachment to the client agreement.

### **Item 17 – Voting Client Securities**

Craft Asset Management does not vote proxies on behalf of Clients. We have determined that taking on

the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided. Clients may contact Craft Asset Management, by phone at 304-303-9949 or by email @ [evan@craftassetmanagement.com](mailto:evan@craftassetmanagement.com), for advice or information about a particular proxy vote; however, Craft Asset Management shall not be deemed to have proxy voting authority solely as a result of providing such advice to clients.

### **Item 18 – Financial Information**

This *Item 18* is not applicable to this brochure. Craft Asset Management does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Craft Asset Management has not been the subject of a bankruptcy petition at any time.

### **Item 19 – Requirements for State-Registered Advisers**

#### **Executive Officer and Management Personnel**

Evan Chiarenzelli is the Executive Office of Craft Asset Management. The formal education and business background may be reviewed within Part 2B Form ADV for Evan Chiarenzelli.

#### **Other Business Activities**

See Item 10 – Other Financial Industry Activities and Affiliations.

#### **No Performance Based Fees**

*As previously disclosed in Item 6, Craft Asset Management does not charge or accept performance- based fees.*

#### **No Arbitrations**

Craft Asset Management or any of its associated persons have not been the subject of any client arbitrations or similar legal disputes.

#### **No Arrangement with Issuer of Securities**

Craft Asset Management and its management do not have any relationship or arrangement with any issuer of securities.

## Customer Privacy Policy Notice

In November of 1999, Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to nonaffiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. Craft Asset Management does not share or disclose customer information to non-affiliated third parties except as permitted or required by law.

Craft Asset Management is committed to safeguarding the confidential information of its clients. We hold all personal information provided by clients in the strictest confidence and it is the objective of our firm to protect the privacy of all clients. Except as permitted or required by law, we do not share confidential information about clients with nonaffiliated parties. In the event that there were to be a change in this policy, we will provide clients with written notice and clients will be provided an opportunity to direct our firm as to whether such disclosure is permissible.

To conduct regular business, Craft Asset Management may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to our firm
- Information about the client's transactions implemented by others
- Information developed as part of financial plans, analyses or investment advisory services

To administer, manage, service, and provide related services for client accounts, it is necessary for Craft Asset Management to provide access to customer information within the firm and to nonaffiliated companies with whom we have entered into agreements with. To provide the utmost service, our firm may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on the firm's behalf.

- Information our firm receives from the client on applications (name, social security number, address, assets, etc.)
- Information about the client's transactions with others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions
- Information about a client's financial products and services

Since Craft Asset Management shares nonpublic information solely to service client accounts, our firm does not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law. However, we may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas. In the event that our firm has a change to its customer privacy policy that would allow it to disclose non-public information not covered under applicable law, we will allow our clients the opportunity to opt out of such disclosure.