**Item 1: Cover page**
**Part A: Cover page**


**Areté Asset Management, LLC**
**Form ADV Part 2A**
**Date: February 11, 2022**

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**Part B: Brochure statement**

**This brochure provides information about the qualifications and business practices of Areté Asset Management, LLC (also Areté, and Areté Asset Management). If you have any questions about the contents of this brochure, please contact us at 410-241-1092 and/or drobertson@areteam.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Areté Asset Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.**

**Part C: RIA disclaimer**

**Areté Asset Management, LLC is registered in the State of Maryland as an investment adviser. Areté's status as a registered investment adviser refers only to the satisfaction of regulatory requirements to become registered and as such, does not imply any particular level of skill or training.**

**Item 2: Material changes**

There are no material changes from the interim ADV dated 8/23/21.

**Item 3: Table of contents**

## Item 4: Advisory business
## Part A: Firm description

Areté Asset Management, LLC is an independent wealth manager that focuses on managing an asset allocation strategy for individuals and institutions through separate accounts. The firm has been in business since January, 2008. The principal owner is David Robertson, CFA who owns 95% of the firm. The remaining 5% is owned by Stacy Kimmel, a shareholder. The firm has no intermediate subsidiaries.

**Part B: Advisory services offered**

Areté currently provides only one type of service — it manages portfolios comprised of a diversified array of assets on behalf of its clients. Areté's asset allocation strategy is currently limited to securities listed on public exchanges and includes stocks, bonds, exchange traded funds (ETFs), mutual funds, and other publicly traded securities.

**Part C: Tailoring of services**

By and large, Areté does not tailor portfolios for different clients as all portfolios are virtually identical in terms of stocks and position weights. The one exception is that Areté may take client-specific needs into account regarding the time horizon over which it invests new monies.

Areté will consider client requests to impose reasonable restrictions on investing in certain securities or types of securities. For example, clients may wish to impose environmental, social and governance (ESG) criteria. To date, no such requests have been made, however.

**Part D: Wrap fee programs**

Areté does not participate in any wrap fee programs.

**Part E: Client assets**

Areté manages client assets that totaled $1,460,255 as of 12/31/21. All of these assets are managed on a discretionary basis.

**Item 5: Fees and compensation**
**Part A: Means of compensation**

Areté Asset Management is compensated for its services on the basis of a percentage of assets under management. Fees are calculated on the basis of the total market value of assets as of the close of business on the last business day of each calendar quarter and are expressed as annual rates and are based on the following fee schedule:

> 1.00% on the first $1 million of assets
> 0.75% on assets greater than $1 million and less than or equal to $5 million
> 0.65% on assets greater than $5 million

One quarter (1/4) of the annual fee as calculated is payable when billed following the end of each calendar quarter.

Areté bills strictly on the basis of a percentage of assets, but does offer to negotiate annual rates. Existing clients may have negotiated reduced fees.

**Part B: Method of client billing**

Areté typically deducts fees, on a quarterly basis, directly from clients' custodial accounts. The arrangement is articulated in each client agreement and can be negotiated to provide for direct billing instead.

**Part C: Other fees**

In addition to management fees, clients will also incur costs related to portfolio transactions in connection with Areté's services (please refer to Item 12, Brokerage Practices). Also, most clients can expect to pay custodian fees. For individual clients, custodian fees are normally bundled with brokerage fees in the form of a flat fee per trade.

**Part D: Advance fees**

Clients of Areté do not pay management fees in advance. Rather, Areté bills clients in arrears on a calendar quarter-end basis.

In addition, Areté typically includes a termination clause in its client agreements which allows for investment services to be terminated at any time, by either Areté or its client, by giving the other 30 days prior written notice of such termination.

**Part E: Compensation for sale of securities**

Neither Areté nor any supervised person accepts compensation for the sale of securities or other investment products. We do not accept compensation for such sales because of the conflict of interest they present in serving our clients' needs.

**Item 6: Performance-based fees**

Areté does not use performance-based fees.

**Item 7: Types of clients**

Currently, Areté actively manages separate accounts for individuals.

The only formal requirement for opening an account with Areté is a minimum investment of $100,000.

**Item 8: Methods of analysis, investment strategies and risk of loss**
**Part A: Methods of analysis and investment strategies**

**Investment philosophy**

The following tenets comprise the core, fundamental beliefs that guide the investment process at Areté. While these tenets remain very consistent with investment philosophy Areté described at its founding in 2008, they were updated and refreshed in 2021 to account for the impact on market behavior caused by the increasing penetration of passive funds and the continued monetary policy interventions by the Federal Reserve and other central banks.

**Asset allocation is a key function in wealth management**

One of the most important functions for long-term wealth accumulation is to be able to offset the occasionally weaker performance of some assets with the occasionally stronger performance of other assets through diversification. The aggregation of relatively uncorrelated assets moderates swings in portfolio value. In doing so, diversification increases the chances of accumulating wealth (and reduces the chances of suffering significant losses) over a reasonably long investment horizon.

**Mispriced assets are an important source of performance**

One of the keys to investment performance is finding and exploiting market inefficiencies. While such inefficiencies can arise in the form of mispriced securities, they can also arise in the form of over- or under-valued industries or asset classes.

Identifying such opportunities begins with the assessment of underlying intrinsic value. When disparities with market prices exist and clear rationale for such mispricing can be identified, there are opportunities to benefit from the differential.

All of this said, we also recognize that during certain times the universe of publicly traded securities and funds that appear to be selling below intrinsic value may become substantially diminished and even negligible. In such times, we may hold a greater than normal proportion of cash in wait of better *future* opportunities to purchase undervalued securities. As such, we seek to provide attractive long term returns on an absolute as well as relative basis.

**Information management is a core skill of investment management**

Analyzing investment opportunities and developing portfolio construction is a dynamic exercise that involves a constant and ongoing process of gathering information, processing it, analyzing it, developing knowledge, and applying it for the benefit of clients. Good information considered in the proper context is essential for good decision making and ultimately, good investment outcomes. Stale information and analyses leave portfolios vulnerable to changing conditions.

While a great deal of investment information is codified in quantitative or other easily captured forms, not all of it is. Narratives can rise and fall in disproportion to underlying objective evidence and must also be considered. Relatedly, information is rarely perfect or inarguably concrete. As a result, the potential for noise and other uncertainties must be incorporated into analysis and decision-making.

**Execution is crucial for investment success.**

In order to create value, an investment strategy needs to be implemented continuously and comprehensively. Actions speak louder than words. We believe the most effective efforts focus on a few simple, but key, concepts that work to ensure the proper execution of a firm's investment strategy. This approach is notably distinct from the common practice of simply gathering assets.

The first key to execution is structural in nature and involves a firm's independence. By maintaining independent ownership, an investment firm eliminates agency effects which can present a conflict of interest between clients and certain of its ownership groups. Independent ownership ensures that client and manager interests are optimally aligned. In fact, independence is regarded by some industry veterans as a competitive advantage.

The second key to execution is temperament. The best investors tend to have a temperament that provides them the courage and initiative to act, often going against the grain, when opportunities arise. However, the same temperament provides balance such that decision-making is not simply a risk-taking activity, but a very conscious and targeted effort to engage in propositions with high risk-adjusted expected returns.

Finally, another important element of execution is simply doing what you say you do in your investment process. Too often, perfectly acceptable investment processes fail when actual investment activities bear little resemblance to the process described in the marketing presentation. We call this the “marketing gap;” the difference between what is said and what is done. Execution is optimized when the marketing gap is minimized.

**Investment strategy**

Currently, we offer one strategy, the Areté All-Terrain Asset Allocation strategy that succeeds the US Equity Mid Cap Core strategy. This transition is being made due to market conditions that have become increasingly hostile to stock selection and valuation-based investing. In particular, the impact on market behavior caused by the increasing penetration of passive funds and continued monetary policy interventions by the Federal Reserve and other central banks, have vastly mitigated the types of opportunities available to the Mid Cap Core strategy while also increasing the risk. The new All-Terrain strategy is designed to leverage Areté’s investment expertise in ways that are better suited to current market conditions.

The overarching goal of the All-Terrain strategy is to provide attractive returns to investors on an absolute, real basis. Since stocks and bonds have provided attractive returns for long-term investors through most historical periods, the strategy is anchored by an allocation to stocks, bonds, and cash.

Since there are also significant periods through history that are dominated by inflation and deflation, however, additional asset classes are incorporated so as to address those scenarios. Again, the overarching goal is to balance the effort to harvest returns that are reasonably available at any given time with the effort of investing in assets with uncorrelated returns so as to maximize the chances of long-term wealth accumulation.

As a result, baseline allocation guidelines include significant allocations to stocks, fixed income (including cash), gold, noncorrelated assets, and negatively correlated assets.

Investments in securities of individual companies may still be made to supplement the weights of broader funds in various asset classes and/or to opportunistically exploit idiosyncratic mispricing. Generally, such position sizes will be relatively small compared to the asset class weights.

Allocations will vary depending on the relative attractiveness of asset classes and the potential of individual securities.

In the process of constructing and managing portfolios, short-term trading tactics, short sales, margin transactions, and option writing are not utilized. It should be noted that investing in securities does involve the risk of loss that clients should be prepared to bear.

**Desired benchmark**

The appropriate benchmark for the Areté All-Terrain strategy is the Vanguard Balanced Index Fund (VBIAX). Vanguard is a low-cost provider of index funds and the strategy of balancing between 60% stocks and 40% bonds is one that is extremely common throughout the industry.

**Investment universe**

We define the universe of eligible securities for the All-Terrain strategy as publicly traded securities on U.S. exchanges. This includes mutual funds, exchange-traded funds (ETFs), individual stocks, and ADRs among others.

**Methods of analysis**

We make use of a wide variety of analytical methods to select securities, determine positions sizes, and determine levels of cross correlation. Typically, these methods are used to complement one another by way of establishing multiple perspectives. While we are always investigating new analytical methods, the list of those most commonly used at present includes:

- Quantitative
- Fundamental
- Macroeconomic

- Warning flags
- Technical
- Behavioral

**Quantitative analysis**

Our quantitative effort features a variety of methods and many of these focus on valuation. Expected returns for stocks as an asset class are determined through the relationship between market price-to-sales and future returns. A sophisticated proprietary discounted cash flow model is used as the basis for valuing individual stocks. This model adjusts GAAP financials and forecasts in a way that we believe more accurately reflects economic reality. Regression, statistical analysis, and other quantitative methods are also used for various purposes. Finally, new methods and applications are regularly being evaluated.

**Fundamental analysis**

We employ fundamental analysis in order to understand business models, supply and demand trends, competitive positioning, and other phenomena. In doing so, we use a wide array of information sources such as SEC filings, company websites, company presentations, financial models, conversations with company management teams, primary research (when practicable), books, blogs, journals, financial and non-financial newspapers and magazines, independent research, and Wall Street research.

**Macroeconomic analysis**

We conduct macroeconomic research by considering factors that affect the economy and markets at a higher level. Such things include economic trends, fiscal policy, monetary policy, geopolitics, market structure, demographics, industry conditions, supply and demand conditions, and technology trends, among others. We do not, however, use top-down forecasts to drive the process of making investment decisions.

**Warning flags**

Especially in regard to the selection of individual securities we check for warning flags such as poor earnings quality, accounting issues, abnormal increases in working capital, pension plan funding requirements, employee stock option liabilities and other issues which may portend future underperformance. For each of these, we seek to understand the reason a company is flagged and whether or not the flag poses a meaningful challenge to our thesis.

Increasingly, we are also incorporating warning flags into our macroeconomic perspective. High levels of leverage, interventionist monetary policy, changing market structure, and a changing regulatory environment have been combining to increase the incidence of sharp selloffs and an overall environment of greater systemic risk. As a result, we also monitor a number of indicators of liquidity and market health in general.

### Technical analysis

Although we don't rely on technical analysis as the sole input for investment decisions, we do use technical analysis to complement other methods and to influence the timing and risk management of transactions. In addition, we also use technical analysis to compare and contrast various industries and asset classes.

### Behavioral analysis

Our starting assumption is most investors have a reason for making the investment decisions they do. As a result, we strive to understand the motivations and influences on decisions of various types of investors in different situations (including our own). These perspectives help us gauge the potential for investment ideas revealed by our other research efforts. Relatedly, we also recognize and incorporate the power of narratives to affect investment behavior and results.

### Part B: Material risks for the All-Terrain strategy

The purpose of Areté's All-Terrain strategy is to create an allocation of assets that is robust enough to continue accumulating wealth through the entire spectrum of investment landscapes that can be encountered over an extremely long investment horizon. In doing so, Areté invests in ETFs, mutual funds, stocks, ADRs and other publicly traded securities. Areté does not employ short-term trading tactics, short sales, margin transactions, or option writing.

As a result of this construction, the value of the portfolio is subject to fluctuate in line with balanced funds under normal conditions. Deviations from that can be caused by the relative performance of the All-Terrain strategy's "Noncorrelated" and "Negatively correlated" asset classes, by active management decisions to over- or under-weight any given asset class, or by active management decisions to invest in individual securities, or by the underperformance of funds that are actively managed.

Because the portfolio is actively managed, there is a risk that poor analysis and/or poor decision making can impair performance relative to the benchmark. Finally, since the portfolio tends to have relatively low turnover, inflated brokerage costs and taxes caused by frequent trading are not considered to be material risk factors.

### Part C: Material risks for particular securities

Areté's All-Terrain strategy invests ETFs, mutual funds, stocks, ADRs and other publicly traded securities. As result, the strategy is subject to the volatility and risk of loss associated with any balanced fund. Since volatility tends to be higher short-term, the chance of incurring such a loss is greater for shorter holding periods than longer ones.

The All-Terrain strategy also invests in individual stocks which are typically more volatile than bonds. Those positions can suffer complete loss, as can all stocks. In addition, the portfolio will at times hold significant portions of cash which are at risk of losing purchasing power during periods of high inflation.

**Item 9: Disciplinary information**

Neither Areté, nor its sole management person, David Robertson, has been involved in any legal or disciplinary events.

**Item 10: Other financial industry activities and affiliations**

Neither Areté, nor David Robertson, has an affiliation with a broker-dealer, “hedge fund”, financial planner, futures commission merchant, commodity pool operator, banking or thrift institution, accountant, lawyer, insurance company, pension consultant, real estate broker, or sponsor of limited partnerships, and therefore has no conflict of interest with Areté’s core operations of managing investment portfolios.

**Item 11: Code of ethics. Participation or interest in client transactions and personal trading**
**Part A: Code of ethics**

In striving to maintain the highest possible standards of ethical conduct, Areté has carefully constructed policies and procedures regarding personal trading to protect the interests of our clients. We believe it is an honor and a privilege to be entrusted to manage client assets and that we have an important responsibility to earn, and maintain, that trust. To further that pursuit, we have created a Code of Ethics (the “Code”) that defines in greater detail our standards of conduct for managers and employees.

We believe one critical factor in helping anyone in any situation is the willingness to do so. We take the responsibility of managing someone else's money, and the obligation to put our clients' interests before our own, very seriously. Indeed, it is the opportunity to provide quality stewardship, to help people manage their investments properly, that makes this business so meaningful to us.

At Areté we emphasize each individual employee's responsibility to act with integrity and professionalism at all times. Acting within applicable state and federal laws is the bare minimum standard for ethical behavior. Further, we adhere to the higher standard of avoiding even the *appearance* of impropriety. We ask employees of Areté to exercise constant vigilance and inquiry in order to maintain the highest standards of ethics. We also wish to make clear that the rules and principles outlined in the Code are taken extremely seriously. As such, we will review all violations of the Code and subsequent enforcement of violations may result in severe disciplinary action, including termination of employment.

The nature of any successful principle-agent relationship depends on trust. In order to earn that trust, and to fully uphold our obligations as a fiduciary, we commit to fully uphold the following general principles:

- To always place the interests of our clients first;
- To conduct all personal securities transactions in such a way as to be consistent with the Code of Ethics and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility;
- To act responsibly: we will not take inappropriate advantage of our positions or our relationship with clients;
- To respect clients' privacy by treating information regarding the identity of security holdings and their financial circumstances as confidential; and
- To base investment decision-making on the principles of independence, meritocracy, and doing what is right by the client.

We will be happy to provide any client or prospect a complete copy of our Code of Ethics at their request.

**Part B: Securities of material financial interest**

Neither Areté, nor any related person, has a material financial interest in any securities which it buys or sells for client accounts.  Areté's All-Terrain strategy selects securities exclusively from the universe of publicly traded funds and securities and therefore is not exposed to this potential for conflicts of interest.

**Part C: Investment in same securities**

Areté's sole business is managing the All-Terrain strategy.  As a result, it does not technically *recommend* securities to clients, but it does buy and sell securities on behalf of clients in their separate accounts.  Because David Robertson, a related person of Areté, may personally own shares of some of the same companies that are held in client portfolios, there is potential for a conflict of interest.

In addition to the potential for conflict of interest that personal trading presents, we also considered the potential benefits of personal trading.  For example, we considered that personal investing can provide important lessons for employees which can accrue to the benefit of Areté's clients.  We also considered that many talented investors want the ability to trade on a personal basis so they can benefit personally from their expertise.

Ultimately, we decided to allow personal trading, but to impose very significant constraints on the activity in order to minimize the potential for conflicts of interest and to ensure the best interests of our clients.  These constraints are delineated in detail in our Code of Ethics.  Some of the key provisions of the Code are:

- Every Access Person of Areté must obtain advance approval from the Chief Compliance Officer (CCO) for transactions involving securities of individual companies of any strategy managed by Areté.  Such transactions are subject to personal trading restrictions.

- All securities of individual companies owned in client accounts are automatically considered to be part of the investable universe and therefore subject to personal trading restrictions.

- All personal transactions conducted for securities of individual companies must be executed on a “same-day” basis. If the transaction is not completed on the same day, the access person must repeat the process of obtaining advance approval from the CCO before re-submitting the trade.

- Access Persons are also prohibited from participating in Initial Public Offerings and limited or private offerings.

- Every Access Person of Areté is required to report all holdings of securities within 10 days of becoming an Access Person.

- Every Access Person shall instruct the broker, dealer or bank through whom a security transaction is effected to furnish the Compliance Officer duplicate copies of transaction confirmations and monthly account statements.

**Part D: Securities recommended at similar time**

Areté’s Code of Ethics expressly prohibits personal trading in the same securities of individual companies at or about the same time as a client. Specific provisions in the Code place securities on the Securities Blackout List (SBL) when they are being considered for purchase or sale. Such securities remain restricted until five business days after the securities are taken off review or until five business days after a purchase or sale transaction is completed for client accounts.

In addition, Areté restricts short-term trading in the personal accounts of *access persons*. Transactions that are closed in 30 calendar days or less are prohibited. Any profits realized on prohibited short-term trades are required to be disgorged.

**Item 12: Brokerage practices**
**Part A: Factors for recommending broker-dealers**

Areté determines, without obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold, the broker or dealer to be used, and the commission rates to be paid. Because we market our services to both individuals and institutions, we need to accommodate different types of relationships with brokers depending on the size and nature of client account. Our overarching goal in all cases is to manage accounts and execute trades in a way that maximizes the asset value of client portfolios given each client's constraints and given any constraints that account size may present. In this effort, we select brokers, negotiate commissions, negotiate services and terms, and manage trades in a way that we believe best achieves this goal.

Brokers are selected on the basis of which arrangement creates the most value for the client given the constraints of small account size. For example, on conventional retail platforms, brokerage and custodial services are typically bundled together as a flat rate fee per transaction. In these cases, Areté does not *determine* commissions, but rather selects from available service packages for which clients are eligible. Reasonableness of commission structure is determined by rates charged by competitive brokerage firms for similar transactions in similar accounts, the capability of trading operations, the efficiency of back office and administrative services, and incorporates the value of custodial services as well.

Most of these arrangements depend on transaction volume to compensate for the costs of providing custodial service costs and therefore impose significant penalties for trading through unaffiliated brokers. In such cases, broker selection is largely, if not exclusively, limited to the broker affiliated with the custodian. In addition, many retail brokers offer tiered pricing schedules which involve incentives to advisors who meet minimum assets under management requirements that are designed to encourage greater transaction frequency among retail clients. While such programs can offer the allure of attractive commission rates, we believe they can also pose a threat to the goal of maximizing client asset value by encouraging excessive trading. Finally, we also consider the functionality of the trading platform in determining reasonableness of commission structure for smaller accounts.

Currently, Areté uses Shareholders Service Group (SSG) for brokerage services for individual accounts. Areté is not affiliated with SSG and SSG does not supervise Areté, our activities, or those of any possible agents of Areté.

As a practical matter, the assets that Areté manages at this time are quite small relative to average daily trading volumes for the stocks in our investable universe and therefore pure execution is not a particularly significant concern. As a result, we consider many firms to be perfectly capable of executing our trades in an efficient and cost-effective manner for our clients.

For all accounts, we periodically monitor commission rates and execution performance and evaluate them on various metrics to the extent possible. We use such measures as guidelines and not as operational benchmarks, however, due to well-documented shortcomings of using such metrics for these purposes. Any material deviations relative to industry averages or our own trading history are reviewed.

**Research and other soft dollar benefits**

Areté does not receive cash, commissions, or equipment from non-clients in connection providing its investment advisory services. In some instances, however, some economic benefit from non-clients may be received in the form of custodial services (with respect to client portfolios), proprietary research, portfolio management and/or trade order management tools and services. In all of these cases, benefits accrue primarily to clients, but may also accrue to Areté to some degree. In no instances, do benefits accrue directly to related persons of Areté.

Specifically, we believe the ability to simultaneously trade the same stock for multiple portfolios and then to allocate shares pro rata at the same average price in each account (i.e. "order blasting") provides value to clients by vastly relieving concerns about potential conflicts of interest *among* clients. Order blasting also provides benefit to Areté in the form of a more efficient trading operation and in the form of structural safeguards against conflicts of interest *among* clients. These tools and services may play some role in selecting a broker and its related commission structure. The value of products, research, or services to Areté, however, is never a primary consideration in selecting brokers or determining the reasonableness of commissions.

It is also important to note that Areté is committed to "unbundle" commission rates to the greatest extent reasonably possible. We believe commission rates that include amounts for soft dollars, proprietary research, and/or custodial services can both obfuscate and inflate execution costs for our clients. As a result, we do not engage in soft dollar commission arrangements. In addition, to the extent that we make use of proprietary brokerage research, we vastly prefer to segregate payments for research from commission rates.

Due to different broker policies, value of research, and other factors, however, we fully, acknowledge that it may not always be possible or practicable to completely unbundle commissions. In these instances, commission rates may be higher than those available for pure execution-only; however, rates will be subjected to the same tests of reasonableness listed above. In these cases, the research involved will benefit all client accounts since all portfolios within a particular investment strategy are substantially similar.

**Brokerage for client referrals**

Neither Areté, nor any related person of Areté, considers or accepts client referrals when entering into agreements with broker-dealers

**Directed brokerage**

Areté does not recommend, request, or require clients to use any specified broker-dealer with which the firm has a material economic interest. In fact, Areté has no economic relationships with broker-dealers whatsoever (see Part I, item 8, section D). Areté does, however, recommend its retail clients use the custodial services of Shareholders Service Group and the associated broker-dealer services of Pershing. This recommendation is based on the overall attractiveness of the service offering, fit with Areté's investment strategy, and value to clients. Areté does not receive any economic benefit resulting from the recommendation.

In those instances in which a client expresses a preference for a particular broker, that broker will be selected only when, in Areté's best judgment, it is determined that the broker is capable of providing the best available price and most favorable execution. In those instances in which a client directs Areté to execute transactions with one or more specific brokers, Areté will follow such direction and assume no responsibility for seeking the best available price or obtaining the most favorable execution. In these cases, directing brokerage may cost clients more money.

In instances when a client directs Areté to provide a specified level of commissions to a specific broker in return for the provision of a service by that broker to the client, Areté will follow the client's instructions so long as they are deemed to be consistent with its contractual and legal obligations.

**Part B: Transaction aggregation**

The purchase and sale of securities for retail accounts cannot be aggregated for the purpose of reducing commissions due to the commission structure of retail custodial accounts. Retail accounts are aggregated, to the greatest extent possible, for the purpose of realizing similar prices for securities transactions (i.e. "order blasting).

**Item 13: Review of accounts**
**Part A: Client account review**

Portfolios are reviewed by David Robertson, CFA on not less than a quarterly basis. Since all client portfolios are virtually identical, reviews primarily consist of checking for adequate and comparable cash proportions as well as comparable position and sector weights. Robertson serves as CEO, CCO and Portfolio Manager and will be the sole reviewer and responsible for reviewing all new and existing accounts for the immediately foreseeable future.

**Part B: Triggers for account review**

Portfolios may also be reviewed on an ad hoc basis when transactions or other events occur which may affect comparability to other accounts or suggest some type of portfolio action. Examples include, but are not limited to, when a client adds funds to an account, when a stock is acquired for cash, and when an event or review precipitates review of overall portfolio construction.

**Part C: Content and frequency of regular reports**

Areté Asset Management ensures that clients receive portfolio reports on a calendar quarterly basis. The reports show quantity of shares held, name of company or fund, cost basis (if available), market value, percent of total assets and current yield of each owned security and the value of the entire portfolio. In addition, details for portfolio performance are provided for the most recent quarter and inception to date. Finally, a billing statement is provided which details the calculations for determining the management fee.

Areté may also provide unique reports to certain clients that are required as a part of their investment guidelines. The investment professional(s) at Areté may supplement the quarterly printed reports with telephone or other contact with clients. In addition, regular reports and conversations with clients can be supplemented by direct face-to-face meetings between the firm's investment professional(s) and clients as mutually agreed upon.

**Item 14: Client referrals and other compensation**

Areté does not provide any compensation for client referrals, in the form of sales awards or other prizes, to any person or organization who is not a client. In addition, neither Areté nor any related persons directly or indirectly compensates any person who is not a supervised person for client referrals.

**Item 15: Custody**

Areté does not maintain custody of client securities. Areté is deemed, however, to have custody of clients' cash (see form ADV, Part I, item 9, section A, number 1) insofar as it directly deposits management fees from client accounts. In order to minimize the potential for any misappropriation of client cash, Areté assesses management fees in arrears and mails billing statements to clients to review before fees are deducted.

Currently, clients receive monthly statements from the broker-dealer/custodian and quarterly statements from Areté. In addition, clients currently have the option to receive 24/7 real-time online access to their account information. Areté reconciles each client account on a monthly basis with its statement from the broker-dealer, but nonetheless recommends clients carefully review and compare statements and to notify us if there appear to be any discrepancies.

Currently, Areté uses Shareholders Service Group (SSG) for custody services for individual accounts. Areté is not affiliated with SSG and SSG does not supervise Areté, our activities, or those of any possible agents of Areté.

**Item 16: Investment discretion**

Areté exercises full discretion in buying and selling securities in client accounts on their behalf. This discretion is exercised in order that clients realize the full benefit of our experience and expertise in stock selection and portfolio construction. This authority, along with its requirements and limitations, is described clearly in the client agreement that every client reviews and signs before consummating a relationship with Areté.

**Item 17: Voting client securities**

Areté accepts the authority to vote client securities and recommends that retail clients transfer this authority to us. We make this recommendation because in the normal course of conducting research, we review the proxies of each of our owned companies and as such, have a fairly extensive basis from which to compare policies and a relatively clear picture of how various matters are likely to impact our investment thesis.

Areté's proxy voting policies and procedures are designed to ensure that proxies are voted in the best interest of clients, in accordance with our fiduciary duties, and in accordance with SEC rule 206(4)-6 under the Investment Advisers Act of 1940. Our authority to vote the proxies of our clients is established by our advisory contracts or comparable documents. Each vote takes into consideration all relevant facts and circumstances and is made on a case-by-case basis.

Areté considers good corporate governance to be of paramount importance in deciding proxy issues. In our role representing shareholders, we are, or believe we should be, in partnership with the company's Board of Directors in effecting the best results for shareholders. As a result, we carefully scrutinize any issue or recommendation that does not seem like a "partnership". Items of particular interest include poor disclosure, inadequate rationale for recommendations, poorly conceived compensation schemes, and excessive executive compensation. Further, we believe the votes we cast serve as potentially useful signals for Boards and corporate management teams and therefore take each item seriously.

Proxy voting is typically conducted internally by Areté's research staff. An analyst reviews the proxy and considers Board recommendations in the context of the company's absolute and relative performance, the analyst's assessment of its business model and competitive advantages, policies at other companies, and absolute standards of good corporate governance. Ultimately however, very few situations are black and white and instead require the analyst to make a judgment involving tradeoffs.

If clients wish to direct our vote in a particular solicitation, they can do so by notifying David Robertson by email (and confirming receipt) at least one week before the proxy meeting is held.

Neither Areté, nor any related person of Areté, has a material economic relationship with any of the companies for which we vote proxies. In addition, Areté does not use a third party service to vote proxies, but rather votes each proxy itself. As a result, we do not believe there are any material conflicts of interest between Areté and its clients with respect to voting client securities.

Clients may obtain information from Areté regarding how we voted their securities by calling or emailing with the specific request. Clients may also obtain a copy of Areté's proxy voting policies and procedures upon request.

## Item 18: Financial information
### Part A: Prepayment

Areté does not require or solicit prepayment from any of its clients.

### Part B: Custody of funds

As reported in item 15, Areté does not maintain custody of client securities. Areté does, however, have custody of clients' cash insofar as it directly deposits management fees from client accounts.

Because Areté assesses management fees quarterly, and in arrears, we do not believe any aspect of this fee arrangement poses a material risk of creating a financial condition that might impair our ability to meet contractual obligations to manage client portfolios.

### Part C: Bankruptcy petition

Neither Areté, nor any related person, has ever been the subject of a bankruptcy petition.

## Item 19: Requirements for state-registered advisers
### Part A: Principal executive officers

Areté Asset Management requires that all persons providing investment advice to clients have earned at least a four-year college degree, have an intense desire to learn, and have an innate desire to help people. In addition, we desire investment professionals to have some combination of an MBA, CFA, and relevant experience conducting research, analyzing securities, and/or managing portfolios.

David G. Robertson, CFA is the only principal executive officer and management person of Areté Asset Management. He was born in 1965.

Dave's formal education is comprised of a Bachelor of Arts degree from Grinnell College and a Masters of Management degree from the J. L. Kellogg Graduate School of Management, Northwestern University. He graduated from Grinnell College in 1987 with a math major and extensive studies in economics and philosophy. He graduated from Kellogg in 1994 with majors in finance, marketing, and international business. In addition, he completed the CFA program in three years and has been a CFA charterholder since 1994. Dave paid for college with savings, work study, scholarships, grants, and loans. He also self-funded business school and the CFA program.

To earn the CFA charter, according the CFA Institute's website, "you must successfully pass through the CFA Program, a graduate-level self-study program that combines a broad curriculum with professional conduct requirements, culminating in three sequential exams." The curriculum includes ethics and professional standards; investment tools such as quantitative methods, economics, financial reporting and analysis, and corporate finance; asset classes such as equity investments, fixed income, derivatives, and alternative investments; and portfolio management and wealth planning.

The core of the CFA Institute's organizational mission is: "To lead the investment profession globally by setting the highest standards of ethics, education, and professional excellence."

Dave's business background represents a systematic effort to develop and continuously improve skills at quantitative analysis, fundamental analysis, and portfolio construction and management. His background also reflects a period of consolidation in the investment industry. After several years he came to realize that generating superior investment performance was not enough to ensure good outcomes for clients and he pursued a path that led to the formation of Areté Asset Management.

Dave began his investment career after college with brief stints working for a personal financial planner and a micro-cap newsletter. He then worked as a temporary employee for the Chicago branch of a large institutional management firm, Chancellor Capital Management, in 1990 and quickly progressed from portfolio accounting to assisting the senior portfolio manager.

When Chancellor Capital closed its Chicago office in 1991, the senior portfolio manager asked Dave to accompany him to Callard, Madden & Associates (CMA) in an effort to create a money management operation based on their valuation research. Dave spent two years at CMA learning the intricacies of the valuation model, reviewing hundreds of companies each month, managing paper portfolios, and evaluating the possibility of forming an institutional money management business. While CMA provided a great learning experience, he was forced to leave when CMA could not consistently make its payroll.

After leaving CMA, Dave spent a little over a year completing coursework for his degree at Kellogg in the evening program, working through the CFA program, and performing independent consulting work to support himself. He took advantage of the recruiting program at Kellogg and through that accepted an offer to be a valuation associate at Duff & Phelps Capital Markets (DPCM) in 1994. As an associate, he prepared private company valuations for Employee Stock Ownership Plans and other such vehicles. In doing so, he conducted due diligence and managed the financial analysis and presentation. While at DPCM, Dave developed fundamental research and management skills, but left in 1996 to return to active money management.

Dave joined Morgan Stanley Asset Management, in its Chicago office, as an analyst for its institutional small cap value service in 1996. Very shortly after doing so, his portfolio manager asked Dave to join him in moving to Provident Capital Management (PCM) in Philadelphia. Dave accepted the offer and began working as an analyst on three different value-oriented services offered through separate accounts to institutions and through mutual funds to individuals. Later, a mid cap product was added. Dave gained extensive experience as the equity analyst for several different economic sectors on each of the four products and was solely responsible for stock analysis and recommendations in those sectors.

In 1998, PCM was folded into Blackrock, a fixed income manager, along with several other money management businesses owned by PNC Bank. As a result of that corporate action, Dave's role expanded to investment manager which included responsibility for overall performance for each of his coverage sectors. Unfortunately, the Blackrock action imposed a new investment philosophy and strategy on the PCM value team which de-emphasized Dave's skills in long-term fundamental research and valuation work. Dave departed Blackrock in 2000 in search of a better fit for his expertise.

At this point in his career, Dave also sought to leverage his solid foundation of analytical and valuation skills into a broader investment role as portfolio manager. He found that opportunity when he joined Allied Investment Advisors in Baltimore in 2000. He joined as a senior equity analyst for seven different investment products and was quickly awarded responsibility for managing the ARK mid cap fund. In taking over the mid cap fund, he successfully transitioned it from a quasi index fund to an actively managed mid cap fund that could also be marketed to institutions. Shortly after, however, a trading scandal forced Allfirst Bank (and Allied Investment Advisors along with it) to be sold to M&T Bank in 2003. With this change in ownership came a material change in investment philosophy and strategy.

As a result of that change, Dave left M&T Investment Advisors in 2003 to join Investment Counselors of Maryland as a senior equity analyst. While there he pursued deep fundamental analysis and modeling. His goals of resuming portfolio management and working with mid cap stocks failed to materialize and he left in 2005.

Dave was able to create and manage a portfolio of mid cap stocks at Credo Capital Management, LLC which he joined in 2006. This position also expanded his role to include director of research which allowed him to develop a collaborative research model. While at Credo, Dave created and managed a mid cap core portfolio which significantly outperformed its benchmark, participated in marketing and business development presentations, developed and articulated a viable investment philosophy, and helped negotiate contracts. During Dave's eleven months at Credo, assets under management grew significantly. Dave left when the terms of his employment were not honored.

Dave formed Areté Asset Management, LLC in 2008 and continues to run the firm today.  He serves as chief executive officer, chief compliance officer and lead portfolio manager of the firm's mid cap core strategy.  In these roles, Dave leads the firm's portfolio management, business development, compliance, and administrative efforts.

**Part B: Other businesses**

Areté is not involved in any business other than its All-Terrain investment strategy.

**Part C: Performance-based fees**

Neither Areté Asset Management, nor David Robertson, CFA, receives any compensation in the form of performance-based fees.

**Part D: Arbitration events**

Neither Areté Asset Management, nor David Robertson, CFA, has been found liable in an arbitration claim or found liable in a civil, self-regulatory organization, or administrative proceeding.

**Part E: Other relationships with issuers of securities**

Neither Areté Asset Management, nor David Robertson, CFA, has affiliations, relationships, or arrangements with any issuer of securities (see also item 10).