

Cover Page - Item 1

**Cabana LLC  
d/b/a  
Cabana Asset Management**

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**April 17, 2017**

**Form ADV Part 2A Brochure**

Cabana LLC d/b/a Cabana Asset Management is an investment adviser domiciled in the State of Arkansas. An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Cabana Asset Management. If you have any questions about the contents of this brochure, please contact us at (479) 442-6464. 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 Cabana Asset Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our IARD Number is 151418.

## Material Changes - Item 2

The purpose of this page is to inform you of any material changes since the previous version of this brochure.

On April 15, 2016, we amended Item 12 and Item 14 our Form ADV Part 2A Brochure to disclose our recommendations of TD Ameritrade, Inc. ("TD Ameritrade") as a custodian of client accounts. TD Ameritrade is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

On September 15, 2016, we amended Items 4 and 5 of our Form ADV Part 2A Brochure to provide information about our financial planning services and fees. We also updated our assets under management figures in Item 4. We also amended item 4 of the document to disclose discretionary regulatory assets under management of \$26,486,550 and non-discretionary assets of \$2,850,000.

In November 2016, Nikifor Paunov was appointed as our firm's Chief Compliance Officer. If you have questions or if you would like a copy of our Code of Ethics or Privacy Policy Notice, Mr. Paunov can be reached at (479) 442-6464.

On March 29, 2017, we submitted our annual updating amendment for fiscal year 2016 and amended Item 4 of our Form ADV Part 2A Brochure to reflect discretionary assets under management of \$89,018,294 and non-discretionary assets under management of \$0.

Additionally, we updated Item 10 to reflect that G. Chadd Mason, Manager, Louis Abraham Shaff Member, and Jon Neal Prevost, Member of Cabana are also licensed attorneys and owners of Prevost, Shaff, Mason, & Carns, LLP, a law practice with offices in Fayetteville, AR and Dallas, Texas. Prevost, Shaff, Mason, & Carns, LLP operates as Cabana Law Group in Arkansas. This fact is disclosed to clients during the initial client consultation. At the time of execution of the advisory agreement, clients are required to explicitly acknowledge their understanding that Mr. Mason, Mr. Prevost, and Mr. Shaff are also licensed attorneys and while advice of a legal nature may be sought and provided, it is incidental to the advisory relationship.

The receipt of dual compensation creates a conflict of interest. The conflict is mitigated by the fact that the firm has adopted a code of ethics that requires all associated persons to place the interests of clients first. Additionally, as attorneys, associated persons of the firm are also fiduciaries and are required to act in the best interest of clients. Clients of Prevost, Shaff, Mason, & Carns, LLP are not required to invest with Cabana and clients of Cabana are not required to obtain legal advice from of Prevost, Shaff, Mason, & Carns, LLP.

We review and update our brochure at least annually to make sure that it remains current. If you would like to receive a copy of the most recent version of our ADV Part 2 Brochure, please call us at (479) 442-6464.

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#### Advisory Business - Item 4

Cabana LLC, doing business as Cabana Asset Management (hereinafter “Cabana” or the “firm”) is a registered investment advisor based in Fayetteville, Arkansas. We are a limited liability company under the laws of the State of Arkansas. We have been providing investment advisory services since 2009. GCM Investments, LLC, Louis Abraham Shaff, Jon Neal Prevost, and the Bettye R Morse MGR GST Trust are the owners of Cabana. George Chaddwick Mason is the sole owner of GCM Investments, LLC.

Currently, we offer Portfolio Management Services, personalized to each individual client. The following paragraphs describe our services and fees. Each investment advisory service is listed below and describes how we tailor our advisory services to your individual needs. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, employee, and all individuals providing investment advice on behalf of our firm. Such persons are properly registered as investment adviser representatives in all required jurisdictions.

#### **Portfolio Management Services**

Our firm offers discretionary, and in limited cases, non-discretionary, portfolio management services to our clients. Discretionary portfolio management means we will make investment decisions and place buy or sell orders in your account without contacting you. These decisions would be made based upon your stated investment objectives. Non-discretionary portfolio management service means that we must obtain your approval prior to placing any trades in your account.

Our investment advice is tailored to meet our clients’ needs and investment objectives. If you decide to hire our firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and decide how much risk you should take in your investments. The information we gather will help us implement an asset allocation strategy that will be specific to your goals, whether we are actively investing for you or simply providing you with advice.

Cabana primarily invests in various large index based Exchange Traded Funds (ETFs) that have a strong history of consistent dividend payments. We may also employ option contracts as a hedge against risk and to produce income.

Our investment advice is tailored to meet our clients’ needs and investment objectives. If you decide to hire our firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and decide how much risk you should take in your investments. However we construct your investment portfolio, we will monitor your portfolio’s performance on a continuous basis, and rebalance the portfolio whenever necessary, as changes occur in market conditions, your financial circumstances, or both.

#### **Financial Planning Services**

We offer broad based financial planning which includes a variety of services, mainly advisory in nature, regarding management of financial resources. Such management is based upon an analysis of the client’s individual needs and begins with an initial complementary consultation. Once we collect and

analyze all documentation, we provide a written financial plan designed to achieve the client's financial goals and objectives. In this way, Cabana assists the client in developing a strategy for the successful management of income, assets, and liabilities. In general, financial planning services may include any one or all of the following:

- **Cash Flow Analysis** – Assessment of a client's present financial situation by collecting information regarding net worth and cash flow statements, tax returns, insurance policies, investment portfolios, pension plans, employee benefit statements etc. The Firm advises on ways to reduce risk, coordinate, and organize records, and estate information.
- **Retirement Analysis** – Identification of a client's long-term financial and personal goals and objectives includes advice for accumulating wealth for retirement income or appropriate distribution of assets following retirement. Tax consequences and implications are identified and evaluated.
- **Insurance Analysis** – Includes risk management associated with advisory recommendations based on a combination of insurance types to meet a client's needs, e.g., life, health, disability, and long-term care insurance. This will necessitate an analysis of cash needs of family at death, income needs of surviving dependents, and disability income analysis.
- **Portfolio Analysis/Investment Planning** – We provide investment alternatives, including asset allocation, and effect on a client's portfolio. We evaluate economic and tax characteristics of existing investments as well as their suitability for a client's objectives. We identify and evaluate tax consequences and their implications.
- **Education Savings Analysis** – Alternatives and strategies with respect to the complete or partial funding of college or other post-secondary education.
- **Estate Analysis** – We provide advice with respect to property ownership, distribution strategies, estate tax reduction, and tax payment techniques.

The recommendations and solutions are designed to achieve the client's desired goals, subject to periodic evaluation of the financial plan, which may require revision to meet changing circumstances. Financial plans are based on a client's financial situation based on the information provided to the Firm. We should be notified promptly of any change to a client's financial situation, goals, objectives, or needs.

Clients can also request financial planning services that cover a specific area, such as retirement or estate planning, asset allocation analysis, manager due diligence and 401(k) platform due diligence. We offer consultative services where we set an appointment to meet with you for financial planning advice for an hourly fee.

You may choose to accept or reject our recommendations. If you decide to proceed with our recommendations, you may do so either through our investment advisory services or by using the advisory/brokerage firm of your choice.

#### **Assets Under Management**

As of April 17, 2017, we managed \$101,404,023 in client assets on a discretionary basis, and \$0 in client assets on a non-discretionary basis.

### Fees and Compensation - Item 5

For portfolio management services, Cabana charges a fee based upon a percentage of the market value of the assets being managed. On an annualized basis, fees will be subject to the following tiered fee schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$1,000,000	3.00%
Next \$9,000,000	2.00%
\$10,000,000 or above	1.00%

Portfolio management fees are negotiable depending on factors such as the amount of assets under management, range of investments, and complexity of the client's financial circumstances, among others. Legacy clients may be subject to different fee schedules. The exact fee paid by the client will be clearly stated in the Investment Advisory Agreement and signed by both the client and the firm. A fee in excess of 3% of assets under management is in excess of industry norm and similar advisory services can be obtained for less. Clients agreeing to pay a fee in excess of 2% of assets under management should be aware that similar advisory services might be available elsewhere for a lower fee.

Generally, the custodian holding the client's account will deduct the fees directly from the account provided the client has given written authorization. The qualified custodian will send an account statement at least quarterly. This statement will detail all account activity. The custodian will usually deduct the fee from a designated account to facilitate billing. Fees can be deducted in advance or in arrears, on a monthly or quarterly basis. The exact fee and fee deduction policy will be clearly disclosed in the advisory agreement signed by the firm and the client.

Where Interactive Brokers, LLC ("IB") acts as custodian of Cabana's clients' accounts, IB deducts advisory fees through the authority granted by the Client in its Agreement with IB. Fees are pro-rated and deducted from the Client's account on a daily basis. IB calculates the daily pro-rated fees as net liquidation value (market value) multiplied by the annual fee (a percentage) and divided by the number of trading days in a calendar year. This is an automatic feature of the account with billing information provided by IB. Cabana does not get involved with the fee calculation and billing process.

Our annual fee is exclusive of, and in addition to fees charged by the qualified custodian. These fees may include brokerage commissions, transaction fees, and other related costs and expenses, which will be incurred by the client.

Clients have the right to cancel their asset management agreement at any time by notifying the firm in writing; such termination will be effective immediately after receipt of such notice. If a Client terminates the agreement within five business days of signing this agreement, the Client is entitled to a waiver of any pro-rated fees that is due to the firm. After this initial five-day period, the company will refund advisory fees on a pro rated basis. There is no penalty or termination fee for canceling the agreement at any time.

### **Financial Planning Services Fees**

Cabana provides its clients financial planning and consulting services. Cabana will charge a fixed fee and/or hourly fee for these services. We utilize the following financial planning fee schedules:

- *Fixed Fees:* Cabana will charge a fixed fee of \$500 to \$5,000 for broad based planning services. *In limited circumstances*, the total cost could potentially exceed \$5,000. In these cases, we will notify the client and may request that the client pay an additional fee.
- *Hourly Fees:* Cabana charges an hourly fee of \$150 to \$300 for clients who request specific services (such as a modular plan or hourly consulting services) and do not desire a broad based written financial plan.

If the client engages Cabana for additional investment advisory services, Cabana may offset all or a portion of its fees for those services based upon the amount paid for financial planning services.

Prior to engaging Cabana to provide consulting services, the client will be required to enter into a written Agreement with our firm. The Agreement will set forth the terms and conditions of the engagement and describe the scope of the services to be provided and the portion of the fee that is due from the client. Generally, Cabana requires a prepayment of 50% of the fee with the remaining balance due upon completion of the agreed upon services. Other fee payment arrangements may be negotiated with the client on a case-by-case basis. All such arrangements will be clearly set forth in the financial planning agreement signed by the client and the firm.

Either party may terminate the Agreement by written notice to the other. In the event the client terminates Cabana's consulting services, the balance of Cabana's unearned fees (if any) shall be refunded to the client.

### **Additional Fees and Expenses**

The fees are charged as described above and are not based on a share of capital gains of the funds of an advisory client.

All fees paid to Cabana for investment advisory services are separate and distinct from the fees and expenses charged by exchange traded funds (ETFs) to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee.

A client could invest in an ETF directly, without the services of Cabana. In that case, the client would not receive the services provided by Cabana, which are designed, among other things, to assist the client in determining which ETF(s) are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Cabana to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Persons providing investment advice on behalf of our firm may be licensed as independent insurance agents. These persons will be compensated for selling insurance products, including insurance products they sell to you. Compensation earned by these persons are separate and in addition to our advisory

fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

All conflicts of interest between you and our firm, and the Associated Persons of our firm, are outlined in this Disclosure Brochure. If additional conflicts arise in the future, we will notify you in writing or supply you with an updated Disclosure Brochure.

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

We and our Associated Persons do not accept performance based fees. Performance based fees are based on a share of capital gains on or capital appreciation of the client's assets.

#### **Types of Clients - Item 7**

We generally offer investment advisory services to individuals, pension and profit sharing plan participants, trusts, estates, charitable organizations, corporations, and other business entities. Cabana does not maintain a minimum requirement to open an account.

##### **Sub Advisory Services**

Cabana may also establish arrangements where it acts as a third party adviser or sub-advisor on accounts managed by or referred by other investment advisers. Services and fees for these arrangements will be negotiated with each investment adviser on a case-by-case basis.

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

The following are different methods of analysis that we may use when providing you with investment advice:

- **Fundamental Analysis** – fundamental analysis is a technique that attempts to determine a security's value by focusing on underlying factors that affect a company's actual business and its future prospects. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.
- **Technical Analysis** – technical analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall.



We may use one or more of the following investment strategies when advising you on investments:

- Long Term Purchases – securities held for over a year.
- Short Term Purchases – securities held for less than a year.
- Trading – securities held for less than 30 days.
- Margin Transactions – margin strategies allow an investor to purchase securities on credit and to borrow on securities already in their custodial account. Interest is charged on any borrowed funds for the period of time that the loan is outstanding.
- Covered Options – covered option is a strategy in which an investor writes an option contract while at the same time owning an equivalent number of shares of the underlying stock.

The investment advice provided along with the strategies suggested by Cabana will vary depending on each client's specific financial situation and goals. This brief statement does not disclose all of the risks and other significant aspects of investing in financial markets. In light of the risks, you should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Certain investing strategies may not be suitable for many members of the public. You should carefully consider whether the strategies employed would be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

**Investing in securities involves risk of loss that you should be prepared to bear.**

**General Investment Risk:** All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments you intend to invest in.

**Loss of Value:** There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies.

**Interest Rate Risk:** Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

**Credit Risk:** Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Foreign Exchange Risk:** Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

**Risks Associated with Investing in Options:** Transactions in options carry a high degree of risk. A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. The placing of certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

**Margin Risk:** When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your broker/dealer. If you intend to borrow funds in connection with your account, you will be required to open a margin account, which will be carried by the broker/dealer of your account. The securities purchased in such an account are the broker/dealer's collateral for its loan to you.

If the securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and, as a result, a brokerage firm is required to take action, such as issue a margin call and/or sell securities or other assets in your accounts, in order to maintain necessary level of equity in the account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any Margin Account that may be established as a part of our Investment Management Services and held by your broker/dealer. These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The broker/dealer can force the sale of securities or other assets in your account.
- The broker/dealer can sell your securities or other assets without contacting you.
- You may not be able to choose which securities or other assets in your margin account are liquidated or sold to meet a margin call.
- The broker/dealer may move securities held in your cash account to your margin account and pledge the transferred securities.
- You may not be entitled to an extension of time on a margin call.

#### Disciplinary Information - Item 9

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There is no history of material legal or disciplinary events by our firm or our management persons.

#### Other Financial Industry Activities or Affiliations - Item 10

We are affiliated with Cabana Financial LLC, an insurance agency through common control and ownership and persons providing investment advice on behalf of our firm may be licensed as insurance agents. These persons will earn compensation for selling insurance products, including insurance products they sell to you. Compensation earned by these persons is separate from our advisory fees. Please see the “Fees and Compensation” section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

G. Chadd Mason, Manager, Louis Abraham Shaff Member, and Jon Neal Prevost, Member of Cabana are also licensed attorneys and owners of Prevost, Shaff, Mason, & Carns, LLP, a law practice with offices in Fayetteville, AR and Dallas, Texas. Prevost, Shaff, Mason, & Carns, LLP operates as Cabana Law Group in Arkansas. This fact is disclosed to clients during the initial client consultation. At the time of execution of the advisory agreement, clients are required to explicitly acknowledge their understanding that Mr. Mason, Mr. Prevost, and Mr. Shaff are also licensed attorneys and while advice of a legal nature may be sought and provided, it is incidental to the advisory relationship.

The receipt of dual compensation creates a conflict of interest. The conflict is mitigated by the fact that the firm has adopted a code of ethics that requires all associated persons to place the interests of clients first. Additionally, as attorneys, associated persons of the firm are also fiduciaries and are required to act in the best interest of clients. Clients of Prevost, Shaff, Mason, & Carns, LLP are not required to invest with Cabana and clients of Cabana are not required to obtain legal advice from of Prevost, Shaff, Mason, & Carns, LLP.

C. David Covington, Ph.D., P.E, is in charge of Cabana Analytics, the firm’s proprietary portfolio design algorithm. Mr. Covington is also the CEO of Robust Device, LLC and of Finite Magic, Inc. Both companies are involved in the design and creation of electronic software and hardware. Mr. Covington devotes the majority of his professional time to his outside business activities. Mr. Covington does not interact directly with clients of Cabana. Additionally, clients of Cabana are not expected to become clients of Robust Device, LLC, and Finite Magic, Inc.

### Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - Item 11

#### **Description of Our Code of Ethics**

Cabana has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes Cabana's policies and procedures developed to protect client's interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics.
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

A copy of Cabana's Code of Ethics is available upon request to Nikifor Paunov, CCO, at (479) 442-6464.

#### **Personal Trading Practices**

At times, Cabana and/or its Advisory Representatives may take positions in the same securities as clients, which is considered a conflict of interest with clients. Cabana and its Advisory Representatives will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades, however, we will uphold our fiduciary responsibilities to our clients. Front running (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the client(s) at the time of trading.

### Brokerage Practices - Item 12

We recommend the services of TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade") for our portfolio management program. TD Ameritrade is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services, which include custody of securities, trade execution, clearance, and settlement of transactions. Cabana receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

In some cases, Cabana may also recommend Interactive Brokers, LLC ("IB") as the broker-dealer for our portfolio management program. Interactive Brokers, LLC is independent and unaffiliated, and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

### **Research and Other Soft Dollar Benefits**

Cabana recommends TD Ameritrade and IB based on the proven integrity and financial responsibility of these firms, best execution of orders at reasonable commission rates, and quality of client service. We are independently owned and operated and do not receive fees or commissions from any custodian or broker-dealer, although Cabana may receive additional benefits from TD Ameritrade and IB such as electronic delivery of client information, electronic trading platforms, institutional trading support, proprietary and/or third party research, continuing education, practice management advice, and other services provided by custodians for the benefit of investment advisory clients. (Please see the disclosure under Item 14 below.)

The receipt of additional benefits may give us an incentive to require that you maintain your account with TD Ameritrade and IB based on our interest in receiving these services rather than your interest in receiving the best value and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that our selection of TD Ameritrade and IB as custodian and broker is in the best interests of our clients. Our belief is primarily supported by the scope and quality of services TD Ameritrade and IB provide to our clients and not services that benefit only us. Additionally, these benefits are offered to all investment advisers that use TD Ameritrade and IB for brokerage and execution services and not just our firm.

To mitigate the existence of this conflict, on a periodic basis, we conduct a best execution review considering the full range and quality of TD Ameritrade's and IB's services, including execution quality, commission rate, the value of research provided, financial strength and responsiveness to our requests for trade data and other information. Our obligation is not necessarily to get the lowest price but to obtain the best qualitative execution.

### **Brokerage for Client Referrals**

We do not receive client referrals from custodians or broker-dealers in which we have an institutional advisory arrangement. Also, we do not receive other benefits from custodians or broker-dealers in exchange for client referrals.

### **Directed Brokerage**

Cabana does not accept directed brokerage arrangements. Clients participating in our portfolio management program are required to use TD Ameritrade or IB.

### **Trade Aggregation**

While individual client advice is provided to each account, client trades are usually executed as a block trade. Trades placed with TD Ameritrade and IB will be aggregated and done in the name Cabana. The executing broker will be informed that the trades are for the account of Cabana's clients and not for Cabana itself. No advisory account within the block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price and receive the same commission rate. The aggregation should, on average, reduce slightly the costs of execution. We will not aggregate a client's order if in a particular instance we believe that aggregation would cause the client's cost of execution to be increased. TD Ameritrade and IB will be notified of the amount of each trade for each account. Cabana and/or its Associated Persons may participate in block trades with clients, and may also participate on a pro rata basis for partial fills, but only after the determination has been made that clients will receive fair and equitable treatment.

### Review of Accounts - Item 13

#### ***Portfolio Management Account Reviews***

Chadd Mason or the Associated Person assigned to the Client relationship monitor client accounts on a continuous basis and conduct formal account reviews at least annually.

Additional reviews may be offered in certain circumstances. Triggering factors that may stimulate additional reviews include, but are not limited to, changes in economic conditions, changes in the client's financial situation or investment objectives, or a client's request.

Generally, clients will receive statements directly from their account custodian(s) on at least a quarterly basis. We encourage our clients to compare custodial account statements with the invoices prepared by our firm for accuracy.

Interactive Brokers, LLC provides updated daily account statements via email each evening. TD Ameritrade provides account statements on at least a quarterly basis. These account statements reflect all fees, commissions, and changes in balances or positions. Thus, clients have continual access to their accounts and can monitor any change or charge immediately. Annual statements are provided at year-end. Cabana also provides written reviews on at least a quarterly basis.

### Client Referrals and Other Compensation - Item 14

As disclosed under Item 12 above, Cabana participates in TD Ameritrade's institutional customer program and Cabana may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Cabana's participation in the program and the investment advice it gives to its Clients, although Cabana receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Cabana participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Cabana by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Cabana's related persons.

Some of the products and services made available by TD Ameritrade through the program may benefit Cabana but may not benefit its Client accounts. These products or services may assist Cabana in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other

services made available by TD Ameritrade are intended to help Cabana manage and further develop its business enterprise. The benefits received by Cabana or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to Clients, Cabana endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by Cabana or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Cabana's choice of TD Ameritrade for custody and brokerage services.

Persons who refer clients to investment advisers for compensation are called solicitors. We and our Associated Persons do not compensate, either directly or indirectly, any person or entity who is not our supervised person for client referrals.

#### Custody - Item 15

Cabana is deemed to have custody of client funds solely because of the fee deduction authority granted by the client in the investment advisory agreement. Qualified custodian(s) maintain actual custody of your assets. You will receive account statements directly from the qualified custodian at least quarterly. They will be sent to the email or postal mailing address you provided to the custodian(s). You should carefully review those statements promptly when you receive them. Clients are encouraged to compare custodial account statements against statements prepared by Cabana for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of your account for tax purposes.

Clients have full access to their accounts in order to monitor their balances as well as make deposits or withdrawals at their discretion. Additionally, clients receive custodial statements on at least a quarterly basis.

#### Investment Discretion - Item 16

Cabana offers Portfolio Management Services on a discretionary basis. Clients must grant discretionary authority in the client Advisory Agreement. Discretionary authority extends to the type and amount of securities to be bought and sold and the commission rates to be paid and does not require advance client approval. However, Cabana does not have the ability to withdraw funds or securities from the client's account.

If you wish, you may limit our discretionary authority by, for example, setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

In limited circumstances, the firm may provide portfolio management services on a non-discretionary

basis. When offering non-discretionary portfolio management services, Cabana will obtain client approval prior to executing any transactions in the client's account(s).

#### Voting Client Securities - Item 17

##### **Proxy Voting**

Cabana does not vote proxies. Clients will receive proxy materials directly from the custodian.

#### Financial Information - Item 18

We are required in this Item to provide you with certain financial information or disclosures about Cabana's financial condition. Cabana does not require the prepayment of over \$1,200, six or more months in advance. Additionally, Cabana has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

#### Requirements of State-Registered Advisers - Item 19

**This section is intentionally left blank - Cabana is SEC registered**

#### Miscellaneous

##### **Class Action Lawsuits**

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Cabana has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, the firm has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where the firm receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials, to the client. Electronic mail is acceptable where appropriate, and the client has authorized contact in this manner.



**Confidentiality**

Cabana views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, the firm has instituted policies and procedures to ensure that customer information is kept private and secure.

Cabana does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client account, Cabana may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers.

Cabana restricts internal access to nonpublic personal information about its clients to those employees who need to know that information in order to provide products or services to the client. Cabana maintains physical and procedural safeguards that comply with state and federal standards to guard a client's nonpublic personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be the firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the firm's policy not to share information unless required to process a transaction, at the request of the client, or as required by law.

A copy of the firm's privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of the Advisory Agreement. If you have any questions about this policy, please contact Nikifor Paunov, CCO, at (479) 442-6464.