

IMPORTANT DISCLOSURES

Effective Date: December 14, 2025

IMPORTANT: PLEASE READ THESE TERMS CAREFULLY

CleverAlpha Asset Management, LLC ("CleverAlpha," the "Firm," "we," or "us") is an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC"). Registration does not imply a certain level of skill or training. The information on this website has not been approved or verified by the SEC or by any state securities authority.

1. GENERAL INVESTMENT RISKS

All investments involve risk and may result in the partial or total loss of principal. **Past performance is not indicative of future results.** There is no guarantee that any investment strategy, including the models used by CleverAlpha, will achieve its objectives or avoid losses.

- **ETF Risks:** CleverAlpha primarily invests in Exchange Traded Funds (ETFs). ETFs trade like stocks, fluctuate in market value, and may trade at prices above or below their net asset value. They are subject to market volatility and the risks of their underlying asset classes.
- **Market Volatility:** Financial markets are volatile and can fluctuate significantly in response to company, political, regulatory, market, or economic developments.

2. DIGITAL ADVISORY ("ROBO") LIMITATIONS

CleverAlpha is a "digital-first" investment adviser. Our services are delivered primarily through an interactive digital platform using proprietary algorithms.

- **Algorithm Reliance:** We rely on automated software and algorithms to analyze your financial data and generate portfolio recommendations. While we test our systems, software bugs, code errors, or data feed disruptions could impact the management of your account.
- **Not a Human Advisor:** Unless you strictly opt-in to our **Premium Service** and request specific interaction, you will not interact with a human financial advisor. Our "Digital Service" is systematic and does not account for financial circumstances outside of the data you enter into the platform.

3. PREMIUM SERVICE & TAX OPTIMIZATION

Our **Premium Service** offers "**AI Tax-Optimization**" (Asset Location). This service utilizes advanced algorithms to programmatically assign assets between taxable and tax-advantaged accounts (e.g., IRAs) to maximize after-tax efficiency.

- **No Tax Advice:** While we optimize for tax efficiency, **CleverAlpha is not a tax accounting firm or legal counsel.** We do not provide distinct tax advice. The tax consequences of any investment decision are complex and unique to each individual. Clients should consult their own tax professionals regarding their specific situation.

4. AFFILIATIONS AND CONFLICTS OF INTEREST

Broker-Dealer Affiliation (Velocity Clearing LLC):

Our CEO (Richard Cabanes) and CTO (Lucio Flores) are registered representatives of Velocity Clearing LLC, a FINRA-registered broker-dealer. They assist Velocity in developing RIA services.

- **Independence:** CleverAlpha is **independent** of Velocity. We do not use Velocity for custody or brokerage (we use **Charles Schwab & Co.**), nor do we sell Velocity products.
- **No Compensation:** CleverAlpha receives no compensation from Velocity for client activity, eliminating typical cross-selling conflicts.

5. THIRD-PARTY VENDORS & PAYMENTS

- **Custody:** Client assets are held by **Charles Schwab & Co., Inc.** ("Schwab"), a qualified custodian. Schwab is independent of CleverAlpha.
- **Payments (Dwolla):** We utilize **Dwolla, Inc.** to facilitate account funding and fee payments. By using our service, you authorize us to share your identity and financial data with Dwolla to open and support your payment account.
- **Data Aggregation (MX):** We use **MX Technologies, Inc.** to verify your external bank accounts. You agree to your personal and financial information being transferred, stored, and processed by MX in accordance with the [MX Privacy Policy](#).

6. FEE DISCLOSURE

CleverAlpha charges an advisory fee based on the service tier selected, billed **monthly in arrears**.

- **Digital Service:** \$1.00/mo (under \$5,000) or 0.25%/yr (over \$5,000).
- **Premium Service:** Up to 0.50%/yr.
- **Wrap Fee:** This is a "Wrap Fee" program, meaning our fee generally covers transaction costs and commissions at the custodian. However, clients may still incur internal ETF expenses (expense ratios) and other custodial admin fees.

7. BUSINESS CONTINUITY PLAN

CleverAlpha maintains a Business Continuity Plan (BCP) designed to ensure significant business operations continue during a disaster. Since our firm utilizes cloud-based infrastructure (AWS/Google Cloud), our goal is to restore critical systems within **24 hours** of a disruption. In the event of a significant business disruption where our website is unavailable, clients may contact us at **310-293-7837** or access their accounts directly through the **Schwab Alliance** portal.

8. PRIVACY POLICY

We are committed to protecting your privacy. We collect nonpublic personal information to provide investment services and do not sell your information to third parties. For details on how we share and protect your data, please review our full [Privacy Policy](#).

CONTACT US

If you have any questions about these Terms, please contact us at:

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