



SEC CRD No. 318126

This wrap fee brochure provides information about the qualifications and business practices of *Stella Nova*[™], an advisory service offered through Golden State Asset Management, LLC (“Golden State”, “GSAM”, “Stella Nova” and/ or the “Firm”). If you have any questions about the contents of this brochure, please email us at Contact@MyStellaNova.com. This brochure also describes how *Stella Nova* is compensated for the service provided to you. You should carefully consider this information in your evaluation of the service. If you have any questions about the contents of this brochure, please contact us at the phone number above. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. **The information in this brochure has not been approved or verified by any state securities authority. Registration does not imply a certain level of skill or training.**

Additional information about Golden State Asset Management and the *Stella Nova* program is also available on the SEC’s website at www.adviserinfo.sec.gov.

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Item 2: Material Changes

This Item discusses specific material changes that are made to the Brochure and provides clients with a summary of such changes. In December of 2021, Golden State Asset Management changed the state in which the legal entity is organized from Wyoming to Delaware.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may make interim updates to this Brochure throughout the year and will provide other ongoing disclosure information about material changes, as necessary. Information about *Stella Nova* is also available at the SEC’s website at www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with *Stella Nova* who are registered, or are required to be registered, as Investment Advisor Representatives of *Stella Nova*. To request a copy of the most recent Brochure free of charge or if you have any questions about the contents of this brochure, please email us at Contact@MyStellaNova.com.

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Item 4: Services, Fees, and Compensation

Description of the Firm

Stella Nova (also referred to herein as “Service,” “we,” “us,” and “our”) is a web-based investment management service offered through Golden State Asset Management, LLC (“GSAM”), a federally registered investment adviser with the United States Securities and Exchange Commission (“SEC”). GSAM was initially formed as a Wyoming limited liability company in 2018 and reorganized as a Delaware limited liability company in December of 2021. GSAM is an affiliate of Golden State Wealth Management, LLC , Golden State Equity Partners, LLC, and Redwood Investment Group. See Item 9 of this document for an additional discussion concerning the firm’s affiliates. Other investment adviser representatives of the firm are permitted to conduct their business under a “doing business as” name, otherwise known as a “DBA.” *Stella Nova* also conducts business under Redwood Investments Group.

Description of Advisory Services Offered

Stella Nova (the “Service”) is a wrap fee program in which *Stella Nova* provides a discretionary risk-based investment management service through a web-based interface to retail investors. Under this program, clients authorize and direct *Stella Nova* to place all trades in clients’ accounts through the custodian Pershing | BNY Mellon (Pershing), who will maintain all client accounts and execute all securities transactions in client accounts without separate commission costs or other fees.

The use of *Stella Nova* requires internet access in order to enroll and to access program documents. Users should not interact with *Stella Nova* if they do not have consistent internet access or do not want to accept electronic delivery of documents and disclosures required to be delivered in connection with the service. Clients are required to maintain an active email address with us in order to remain enrolled in the service. Upon electronic acceptance of the *Stella Nova* Service Agreement (the “Advisor Agreement”), clients grant the Service discretionary authority to conduct trading in enrolled accounts by investing varying combinations of ETFs in the equity, fixed income, hedged equity, and cash asset categories, although we will have the ability to add or remove asset categories as we see fit in our discretion.

Stella Nova offers investment advice to clients and manages assets through the *Stella Nova* wrap fee program. A wrap fee program has a fee structure that provides clients with advisory and brokerage services for a bundled fee with no additional account activity charges for execution of trades. As such, *Stella Nova* charges clients (defined below) a single bundled fee that covers the investment advisory services it provides, as well as the brokerage and custodial services associated with holding and trading



securities provided by Pershing's affiliated broker-dealer. Please see Item 6 for additional information on brokerage considerations.

Stella Nova is built to recommend an appropriate asset allocation for the accounts specified by you during the onboarding process through *Stella Nova's* online interface. The investment recommendations provided by *Stella Nova* are highly dependent on the information received by you the client. In providing services under this Service, we will rely on and take into account the information clients provide to us directly without any duty or obligation to investigate the accuracy or completeness of such information. It is ultimately the client's responsibility to inform us about any change to the information provided, their financial circumstances, or their investment objectives, as such changes could have a material effect on any recommendation made under this Agreement. Any inaccurate information provided, or not promptly updated, is the responsibility of the client and may affect the quality and applicability of the *Stella Nova* recommendations.

Once the client account has been opened, we will provide the client with an opportunity to preview the initial recommended asset allocation and specific investment recommendations. In the event that you choose to implement these recommendations without enrolling in *Stella Nova*, we will not be held responsible for any losses resulting or any delays or mistakes in such implementation caused by you. Once agreed, the Service will advise your accounts on a discretionary basis giving us the authority to buy and sell securities on your behalf. *Stella Nova* software will access your accounts on an ongoing basis to determine whether a rebalancing opportunity exists. The effectiveness of the ongoing management of your account is dependent on the client's willingness to interact with us during our attempts to validate your financial goals, needs, and the strategy chosen for the Portfolio, or whenever you believe that you may have experienced material changes to your financial situation, investment objectives, restrictions, and willingness and ability to tolerate risk.

Account Minimum and Restrictions

There are no minimums to open an account with *Stella Nova*.

Enrollment Restrictions and Defaults

In connection with the ongoing advised service, you'll retain the right to: (i) withdraw securities and take sales proceeds as cash from the Portfolio; (ii) vote on shareholder proposals of beneficiary owned securities or delegate the authority to vote on such proposals to another person; and (iii) be provided, in a timely manner, with a confirmation of other notification of each securities transaction in the portfolio and all other documents required by law to be provided to security holders.

Tax Advice/Implications

While the ongoing Service will consider the tax impact (as a result of the account type) of any potential Portfolio changes, transitioning the Portfolio based on your portfolio construction guidelines could result in realized taxable gains or losses, or the generation of taxable dividend income or tax-preference items that are taxable under the alternative minimum tax. Neither *Stella Nova* nor Pershing shall have any responsibility to pay these taxes. *Stella Nova* does not provide tax advice. We strongly urge you to consult with your tax advisor to discuss any tax concerns related to the ongoing advised service.

Cash in and Out



While enrolled in *Stella Nova*, you may transfer cash to and from the Portfolio at any time, and you may add or un-enroll eligible accounts at any time via the website interface. You will be able to transfer funds from any bank that you have linked to your account.

Transfers of funds into your enrolled accounts typically are invested after two business days although the specified circumstances of your transfer could result in longer processing times. Any amounts transferred into an enrolled account will be allocated to the appropriate investments based on your rebalancing methodology.

When cash is transferred to the Portfolio as a result of automated account services (such as an automatic investment plan) or investment earnings (such as interest or dividend payments), the cash will be allocated in accordance with *Stella Nova's* investment strategy upon your next rebalancing opportunity. Upon enrollment, Client accounts will be defaulted to receiving dividend and capital gain distributions in cash to optimize rebalancing opportunities.

You will be able to request a sale of assets in your enrolled taxable brokerage account and to have the proceeds sent as cash to your linked bank account(s) via an electronic bank transfer. You may only elect to transfer cash to authenticated and authorized bank accounts linked to your enrolled account. Transfers of cash out of your enrolled brokerage account typically take two business days to occur (subject to the settlement of securities transactions in your managed account). Market closures will delay the settlement of securities transactions, which will, in turn, delay the transfer of cash out of your account. Taking out cash will have an impact on your financial goals.

Terminating Service

You may terminate the service at any time via the *Stella Nova* website and Interface, but your Portfolio will remain invested in the investment options selected by *Stella Nova* until you take further action.

How We Are Compensated

We are compensated by the advisory fee agreed upon within your Agreement for the ongoing discretionary management of the enrolled accounts. The advisory fee is calculated across all assets within an enrolled account, including cash positions. Your enrolled accounts are responsible for paying *Stella Nova* an annual advisory fee of 0.25%-0.40% billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter.

Billing and Fees

- a. Fees. You will be charged an advisory fee on your underlying managed portfolio. The advisory fee will be calculated across all assets within an enrolled account, this includes, but not limited to assets in whole or part held in cash, money markets, investments intended for longer-term holding periods such as structured notes, bonds, bond funds, fixed income etc. Your enrolled accounts are responsible for paying *Stella Nova* an annual advisory fee of:

<u>AUM</u>	<u>Quarterly Fees in Dollars</u>
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\$0 - 100,000	<u>\$300.00</u>
\$100,000.01 - \$110,000	<u>\$330.00</u>
\$110,000.01 - \$120,000	<u>\$360.00</u>
\$120,000.01 - \$130,000	<u>\$390.00</u>
\$130,000.01 - \$140,000	<u>\$420.00</u>
All additional AUM increases from \$0-\$10,000 shall incur an additional \$30/year fee	

We reserve the right to increase the advisory fee upon 30 days' written notice to you. Upon removal of an account, or termination of the Service, we will provide a pro-rated refund to the client of any unearned advisory fees. Upon un-enrollment, in order to place the trades necessary to collect accrued fees, your account will be restricted from trading for 1-2 business days.

Assets Under Management

Stella Nova has \$342,307,815 in regulatory assets under management as of December 31, 2021.

Item 5: Account Requirements and Types of Clients

Enrollment in *Stella Nova* is open to all retail clients, including individuals, high net worth individuals, trusts, estates, charitable organizations, and limited liability companies. With the exception that the account must be maintained at Pershing, we currently impose no other requirements for enrolling and maintaining accounts in the Service. All clients execute a *Stella Nova* Service Agreement and a Brokerage Agreement with Pershing. Other paperwork may be required depending on account type.

Item 6: Portfolio Manager Selection and Evaluation

We will directly manage each Client's enrolled account(s) pursuant to the *Stella Nova* Service Agreement they complete at the beginning of our relationship. Clients should carefully consider *Stella Nova's* services before determining whether to engage the digital service. To use *Stella Nova*, clients inform *Stella Nova* of a client's financial goals and personal information through *Stella Nova's* online interface. The Service will rely on the information you provide on the SN Interface, including a risk profile, to manage the enrolled accounts consistent with our firm's investment methodology, as well as generally accepted investment principles.

In order to enroll in the Service, the client will set financial goals within the *Stella Nova* Interface. By enrolling in the Service, the client(s) authorizes the Service to be the exclusive discretionary investment advisor for the accounts selected for management. The Service will manage those accounts based on the information provided based on the risk profile and financial goals entered by the client(s) into the



Interface. While accounts are enrolled in the Service, the client will not be able to place specific purchase and sell orders for the holdings in enrolled accounts and will be subject to other account restrictions.

Investment Philosophy and Strategies

Stella Nova believes that client investment allocations should change as their life changes. *Stella Nova* seeks to incorporate a broad range of diversified investment options that will enable it to construct a portfolio with aggregate risk and return characteristics at any point within the client's desired suitability range (aggressive to conservative). The firm seeks adherence to the specific investment objectives, time frame, and criteria for each client, and evaluates the relevant information over a full market cycle.

With these objectives and identified investment categories, the Firm will select investment options to:

- Maximize return within reasonable and prudent levels of risk within portfolio timeframes.
- Provide returns comparable to returns for similar investment options.
- Provide exposure to a wide range of investment opportunities in various asset classes.

Review of Accounts

Clients enrolled in *Stella Nova's* ongoing advisory service will have access to their Portfolio information through the online interface. As part of *Stella Nova's* rebalancing process, we will evaluate and monitor the Portfolio on an ongoing basis.

Investment Discretion

When you decide to enroll accounts in the *Stella Nova* program, you are providing *Stella Nova* full discretionary trading and investment authority over those accounts subject to the *Stella Nova* Service Agreement. As a result, *Stella Nova* will have full discretionary authority over the investments selected for your Portfolio, and the timing and size of purchases and sales within your Portfolio. In order to manage your accounts, we will have the authority, on your behalf, to purchase, sell, exchange, or transfer assets; rebalance and reallocate assets; modify our investment strategies; and execute other necessary and appropriate transactions, including transmitting verbal, written, or online instructions to effect transactions, at the times and according to the terms established in the *Stella Nova* Service Agreement. We may change our investment strategy at any time and without prior notice to you, including changing the investments used for purposes of rebalancing the Portfolio.

Adjusting Asset Allocation

We may decide to adjust your asset allocation if you inform us that your ability to bear risk changes or if there are changes to your investment time horizon. Each business day, we will review your target allocation in relation to your investment time horizon to determine if changes to the allocation are necessary. The Portfolio's target allocation may also change based on changes to your financial situation and financial goals. Changes in your asset allocation may cause us to recommend and effect the purchase or sale of securities in your Portfolio in order to meet the new target asset allocation.

Rebalancing the Portfolio

Portfolio rebalances are performed but not limited to a quarterly basis. We will rebalance your Portfolio using our investment methodologies and strategies.

Regular Reports and Electronic Delivery



The custodian Pershing will provide written custodial statements to you on a monthly basis. These monthly custodial statements contain your holdings, yield, cash flow, gains and losses, and monthly interest earnings. *Stella Nova* may provide additional information in a separate document to meet the specific reporting needs of a client as the client and the Adviser may agree. All client correspondence may be sent via electronic delivery or physical delivery at the discretion of *Stella Nova* or preferences of the client in written form.

Trade Execution, Account Maintenance, and Asset Custody

In order to enroll in the *Stella Nova* service, you will be required to establish or use an existing Pershing Brokerage Account. You will agree in your *Stella Nova Service Agreement* to execute all Portfolio brokerage transactions through the Pershing's affiliated Broker Dealer. We are independently owned and operated and are not affiliated with Pershing. Pershing will hold your assets in a brokerage account and buy and sell securities when we instruct them to.

Custody

Stella Nova does not have custody of Client assets participating in the *Stella Nova* program. All client assets are held at Pershing Institutional, a qualified third-party custodian who will provide you with transaction confirmations and account statements. Statements are provided on at least a quarterly basis or as transactions occur within your account. You are urged to carefully review your account statements you have received directly from the custodian of record upon receipt.

How we selected the Broker/Custodian

The *Stella Nova* program offered by *Stella Nova* utilizes Pershing Institutional as its sole custodian/broker, to hold your assets and execute transactions. When considering whether the terms that Pershing provides are, overall, most advantageous to you when compared with other available providers and their services, we consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions.
- Quality of Services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices.
- Reputation, financial strength, security, and stability
- Prior service to us and our clients
- Service delivered or paid for by Pershing.
- Availability of other products and services that benefit us, as discussed below (see "Products and services available to us from Pershing")

Research and Other Soft Dollar Benefits

Stella Nova does not receive research in addition to execution services from a broker-dealer in connection with its clients' securities transactions. These research benefits are commonly referred to as



“soft dollar benefits.” *Stella Nova* may from time to time receive generic market commentaries or market research from broker-dealer firms. However, the receipt of those materials is not tied to the execution of client transactions.

Stella Nova seeks to select broker-dealers based upon the broker’s or dealer’s ability to provide best execution, and the Adviser will not cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers for the purpose of obtaining soft dollar benefits. Furthermore, *Stella Nova* does not select broker-dealers to execute transactions for client accounts based upon client referrals received from broker-dealers.

Brokerage and Client Referrals

Golden State Asset Management, LLC has arrangements with certain of its affiliates to provide digitally automated portfolio management services directly to retail clients through the *Stella Nova*™ advisory program. The client will be provided with a copy of the program brochure, Form CRS, and the Solicitor Disclosure Document prior to or at the time of entering into any agreement with *Stella Nova*. *Stella Nova* does not currently have relationships with non-affiliated firms.

Directed Brokerage

When you enroll in *Stella Nova*, you will be required to establish a brokerage account through Pershing. You will agree in your Service Agreement for *Stella Nova* to execute all Portfolio brokerage transactions through their affiliated Broker Dealer. Transactions executed in a Pershing Brokerage Account will be subject to the broker-dealer’s usual and customary fees, markups, commissions, and charges, as well as a bid-ask spreads, separate and apart from the gross advisory fees assessed by us.

Item 7: Client Information Provided to Portfolio Managers

Stella Nova provides “robo-advisory” portfolio management services through an online interface. This entails the use of algorithm-based portfolio management advice, rather than in-person investment advice. All investment advice is generated and provided by an interactive website. These automated investment solutions are customized to each client and based on individual characteristics and user preferences. *Stella Nova*’s investment advisory personnel oversee the technical systems and investment algorithms but do not individually review or manage client accounts. Clients are encouraged to update their account/questionnaire with any change in their objectives, trading settings or other pertinent information, as that information factors into the portfolio’s composition. *Stella Nova* manages all client portfolios directly, therefore there are no portfolio managers with whom *Stella Nova* could share client information.

Item 8: Client Contact with Portfolio Managers

Clients should consider that services provided by *Stella Nova* through the *Stella Nova* program are primarily offered through electronic means rather than telephonic means to provide customer support. To receive customer support, clients may contact *Stella Nova* via email or through the online interface, and prospective clients should be comfortable communicating through those channels. Clients should consider that such customer support is generally educational in nature only, and that although the



algorithms that manage client accounts are overseen, monitored, and updated by investment advisory personnel, clients participating in *Stella Nova* will generally not interact directly with such investment advisory personnel, except as described elsewhere in this document.

In addition to the availability of *Stella Nova's* customer service personnel to each client, *Stella Nova* provides materials generated by the firm's investment professionals on its publicly available website, including a frequently asked questions site, available at [http:// https://mystellanova.com/conversation-starters](http://https://mystellanova.com/conversation-starters). This information is designed to address commonly asked questions clients have about their accounts and the management of their accounts, and customer service personnel may provide clients links to such material. Clients should be aware that they may not be able to speak to a person during market events, such as periods of exceptional volatility or downturns.

Item 9: Additional Information

Disciplinary History

Stella Nova has not been subject to any disciplinary events by regulators nor is it party to any legal events that are material to client evaluation of our advisory business.

Financial Industry Activities and Affiliations

The managing members and owners of the Firm are Daniel Catone, Patrick Catone, Kyle Fairall, and John Nahas.

Daniel Catone, Patrick Catone, and John Nahas are also control persons of Golden State Wealth Management, LLC, an investment adviser registered with the Securities and Exchange. Golden State Wealth Management, LLC whose principal place of business is in California. The firm provides wealth management services, including portfolio management, financial planning, and retirement consulting, amongst others. Each of the branches of the firm currently operates under a different "Doing Business As" name. Most of the firm's investment adviser representatives are also registered representatives of LPL Financial, LLC ("LPL"), member FINRA/SIPC.

Daniel Catone, Patrick Catone, and John Nahas also own Golden State Equity Partners, LLC, an Investment adviser whose principal place of business is in California. The firm provides wealth management services, including portfolio management, financial planning, and retirement consulting, amongst others.

Daniel Catone is the sole owner of Redwood Investment Group, Inc, an investment adviser whose principal place of business in California. The Firm provides comprehensive portfolio management services that encompass asset management as well as financial planning/consulting to clients.

***Stella Nova* Code of Ethics**

As a fiduciary, it is always an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm always requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will



acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all our representatives. Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics. Likewise, related persons of our firm buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day unless included in a block trade.

This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Client Referrals and Other Compensation

We do not receive compensation or other economic benefits from persons other than clients for providing investment advice or advisory services to its clients. If we run prospecting and promotional campaigns to attract new clients to *Stella Nova*, the campaign may include compensating affiliates, strategic partners, or third-party solicitors for referring *Stella Nova* to prospects. Compensation will include flat fees or payments based on certain performance triggers, like enrolling in *Stella Nova*. Clients are not charged any fee, nor do they incur any additional costs for us running these campaigns. Prospects will be informed of any such campaigns receiving compensation prior to becoming a Client.

Voting Client Securities

We will not ask for, nor accept voting authority or exercise similar rights for your securities. The exercise of all voting rights associated with any security or other property held by you shall be your responsibility. We will not advise or act for you in any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by you or the issuers of those securities. Proxies will be delivered directly by the issuer of the security, the custodian, or its agent. Clients should direct all proxy voting questions to their issuer of the security.

Financial Information

We are not aware of any financial condition that is reasonably likely to impair our firm's ability to meet its contractual commitments to clients, nor has our firm been the subject of a bankruptcy petition at any time during the past ten years.

Business Disruption

There is a risk that a disaster outside of *Stella Nova's* control leads to a business disruption. We maintain a business continuity plan designed to allow us to maintain or resume operations as quickly as possible after a business disruption, given its scope and severity.



Privacy

We are committed to protecting our clients' private information. Our firm has instituted policies and procedures to reasonably ensure that customer information is kept private and secure. We do not disclose any non-public personal information about our clients or former clients to any non-affiliated third parties except as required by or permitted by law or agreed to by the client or as otherwise disclosed in the *Stella Nova's* Privacy Policy. In the course of servicing a client account, we may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and attorneys; *Stella Nova* also maintains physical, electronic, and procedural safeguards to protect client information. A copy of the *Stella Nova's* Privacy Policy is provided to you at account opening.

Risk of Loss

Depending on the program selected, *Stella Nova* invests enrolled clients' assets in a mix of mutual funds and/or ETFs. All investment portfolios are subject to risks. Accordingly, there can be no assurance that clients will meet their investment objectives and goals, or that investments will not lose money. Certain material risks to which the client's assets may be subject are discussed below:

- **Client Input Risk** As a completely online-based advisory experience, *Stella Nova's* recommendations are highly dependent on the information received by the client which include but are not limited to the Client's projections of future spending needs and responses to visualizations of the potential financial goal planning options. Within the *Stella Nova* online interface, we will also use the information you provided to us to generate goals-based forecasting and recommendations on how to better meet your investment goals, based on your situation and goals at the time you engage the service as you input updated information in the future. Any inaccurate information provided, or not promptly updated, is the responsibility of the client and may affect the quality and applicability of the *Stella Nova* recommendations.
- **Management Risks.** While *Stella Nova* manages assets based on its experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that *Stella Nova* allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that the *Stella Nova's* specific investment choices could underperform their relevant benchmarks.
- **Cybersecurity Risks.** The increased use of technology to conduct business could subject *Stella Nova* and its third- party service providers to risks associated with cybersecurity. In general, a cybersecurity incident can occur as a result of a deliberate attack designed to gain unauthorized access to digital systems. If the attack is successful, an unauthorized person or persons could misappropriate assets or sensitive information, corrupt data, or cause operational disruption. A cybersecurity incident could also occur unintentionally if, for example, an authorized person inadvertently released proprietary or confidential information.
- **Vendor Risk.** *Stella Nova's* client onboarding capabilities rely on third- party vendors and its integration with the custodian. It is possible that Users' ability to use the *Stella Nova* Website and online Interface could be negatively impacted due to the performance of a third-party vendor. Third-party vendors may limit their liability to Users.



- **Risks Associated with Electronic Trading or Order Routing Systems.** Trading through an electronic trading or order routing system creates risks associated with system or component failure. In the event of system or component failure, *Stella Nova* may not be able to enter new orders, execute existing orders, modify, or cancel orders that were previously entered or determine the status of existing orders. This could result in financial losses to clients.
- **Quantitative Model Risk.** Investment strategies using quantitative models may perform differently than expected because of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.
- **Equity Market Risks.** *Stella Nova* may invest portions of client assets directly into equity investments, or into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market.
 - **Risks of Investments in Mutual Funds, ETFs, and Other Investment Pools.** *Stella Nova* may invest client portfolios in mutual funds and ETFs. Investments in pooled investment funds are often less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940, as amended.
 - **ETF Risks.** The ETF shares used in *Stella Nova* strategies are not redeemable directly with the issuing fund other than in very large aggregations worth millions of dollars. ETFs are subject to market volatility. When buying or selling an ETF, you will pay or receive the current market price, which may be more or less than net asset value.
 - **Stock Market Risk.** The risk that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
 - **Industry Concentration Risk.** The risk that there will be overall problems affecting a particular industry.
 - **Sector Risk.** The risk that that significant problems will affect a particular sector or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market. Because a fund invests all, or substantially all, of its assets in a particular sector, the fund's performance largely depends—for better or for worse—on the general condition of that sector.
 - **Investment Style Risks.** Is the chance that: 1) returns from large-capitalization stocks will trail returns from the overall stock market. Large-cap stocks tend to go through cycles of doing better—or worse—than other segments of the stock market or the stock market in general; and 2) Returns from small- and mid-capitalization stocks will trail returns from the overall stock market. Historically, small- and mid-cap stocks have been more volatile

in price than the large-cap stocks that dominate the overall market, and they often perform quite differently.

- **International risk or country/regional risk.** Is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. Because a fund may invest a large portion of its assets in securities of companies located in any one country or region, including emerging markets, its performance may be hurt disproportionately by the poor performance of its investments in that area. Country/Regional risk is especially high in emerging markets.
- **Emerging markets risk.** is the chance that the stocks of companies located in emerging markets will be substantially more volatile, and substantially less liquid, than the stocks of companies located in more developed foreign markets.
- **Currency risk.** is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Currency risk is especially high in emerging markets.
- **Fixed Income Risks.** Sella Nova may invest portions of client assets in to pooled investment funds that invest in bonds and notes. While investing in fixed income instruments through pooled investment funds is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).
 - **Call Risk.** The risk that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupons or interest rates before their maturity dates. The fund would then lose any potential price appreciation above the bond’s call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the fund’s income. Such redemptions and subsequent reinvestments would also increase a fund’s portfolio turnover rate. Call risk is generally low for short-term bond funds, moderate for intermediate-term bond funds, high for long-term bond funds, and high for high-yield bond funds.
 - **Prepayment Risk.** The risk that during periods of falling interest rates, homeowners will refinance their mortgages before their maturity dates, resulting in prepayment of mortgage-backed securities held by the fund. The fund would then lose any price appreciation above the mortgage’s principal and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the fund’s income. Such prepayments and subsequent reinvestments would also increase a bond fund’s portfolio turnover rate.
 - **Extension Risk.** The risk that during periods of rising interest rates, certain debt securities will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall. This will lengthen the duration or average life of those securities and delay a fund’s ability to reinvest proceeds at higher interest rates, making a fund more sensitive to changes in interest rates. For funds that invest



in mortgage-backed securities, extension risk is the chance that during periods of rising interest rates, homeowners will repay their mortgages at slower rates.

- **Credit Risk.** The risk that the issuer of a convertible security will fail to pay interest or dividends and principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline.
- **Income Risk.** The risk that the strategy or fund's income will decline because of falling interest rates. Income risk is generally high for short-term bond funds, low for long-term bond funds, and high for limited-term bond funds.
- **Interest Rate Risk.** The risk that bond and loan prices overall will decline because of rising interest rates.
- **Liquidity Risk.** The risk that the fund may not be able to sell a security in a timely manner at a desired price. Liquidity risk is generally low for short-term bond funds, moderate for intermediate-term bond funds, and high for long-term bond funds.
- **Currency Hedging Risk.** The risk that the currency hedging transactions entered into by a fund may not perfectly offset the fund's foreign currency exposure.

The foregoing risks are just some of the most significant risks that may apply to a client's investments. Clients should understand that investing in any securities, involves a significant risk of loss of both income and principal and that they should be prepared to bear such losses. Investment safety and satisfactory performance is in no way guaranteed and no incremental protections are offered via an investment account with *Stella Nova*.