

Item 1 - Cover Page

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This brochure provides information about the qualifications and business practices of Smart Portfolios, LLC. If you have any questions about the contents of this brochure, please contact us at 206-686-3636. 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 Smart Portfolios, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Smart Portfolios, LLC is an SEC registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

Item 2 – Material Changes

Smart Portfolios updates this document annually, or more frequently in the event of material changes. This section outlines and summarizes the specific changes made to this brochure since our last update.

Smart Portfolios' Clients may request a full copy of the latest version of this brochure, free of charge, by contacting Kristin Copper, Chief Compliance Officer, at (206) 686-3636 or kcopper@smartportfolios.com. A complete copy is also available online at web site www.smartportfolios.com.

Material Changes

- ▲ Updated AUM as of December 31, 2025

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Item 4 – Advisory Business

Smart Portfolios, LLC is an SEC-registered investment advisor, which was founded in April 2005. Its sole shareholder is Shield Holdings, LLC, whose principal owner is Bryce James. As of December 31, 2025, Smart Portfolios managed \$207,917,273 on a discretionary basis and \$2,364,803 on a non-discretionary basis.

Smart Portfolios' core focus as a Registered Investment Advisor (RIA) is to develop asset allocation strategies and models to apply to and manage the investment accounts of retail clients. In some limited cases, retail clients may receive model recommendations delivered as signals, or choose to have a customized 'strategy' solution.

Each of Smart Portfolios' five asset allocation strategies/models is developed to invest in one or more predetermined universes of securities. This may include, depending on the model, exchange-traded funds, mutual funds, individual stock securities, investment grade bond securities and collective investment trusts of insurance companies or TIAA, each with a pre-established risk objective. Client accounts are invested only in accordance with the model(s) selected for the Client.

The Smart Tactical models developed by Smart Portfolios are based on the application of Dynamic Risk Theory, which uses advanced mathematics to calculate the risk, return, and correlation of securities (the relationships between the price movements of securities) in a portfolio, to create a more real-time efficient frontier through its Dynamic Portfolio Optimization (DPO) asset allocation system. The DPO system is used in each of the models. In addition to the models, Smart Portfolios may use fundamental analysis, macro-economic analysis, or technical analysis, in which it charts price movements of securities and adjusts allocation appropriately.

Smart Portfolios utilizes the research and model portfolios of iM Global Partner Asset Management as a foundation for their mutual fund based Smart Strategic models. The mutual fund models use a combination of asset allocation and fund selection to balance risk and opportunity to achieve long-term investment goals.

The Smart Fundamental models are a blend of individual stock and bond securities and ETFs, evaluated and selected within specific Economic Sectors as leaders and innovators within their respective industries.

Each of Smart Portfolios' advisory services is described briefly below. The models and strategies used in performing these services are described in more detail in Item 8.

Types of Services

Retail Investment Management Services

As a Registered Investment Advisor, Smart Portfolios selects from their developed Strategies and Models based on the Client's financial position, objectives, and risk tolerance. Strategies and Models are applied to Client's investment accounts and managed as a portfolio pursuant to discretionary authority. Additionally, some Clients request a customized "Strategy" for their investment solution.

Signal Services

Smart Portfolios provides signals to subscribers pursuant to signal agreements. The subscriber selects the signal to be provided (based on one of the Smart Portfolios models) and makes all decisions whether and when to use the signal. The subscriber executes all trades.

Financial Planning and Consulting Services (Stand-Alone)

Smart Portfolios provides financial planning and consulting services, including investment and non-investment related matters, such as estate planning and insurance planning. These services can be included as part of the investment agreement or on a stand-alone separate fee basis. Prior to engaging Smart Portfolios to provide planning or consulting services, Clients are generally required to enter into an agreement with Smart Portfolios setting forth the terms and conditions of the engagement (including termination), describing the scope of

the services to be provided, and the portion of the fee that is due from the Client prior to Smart Portfolios commencing services.

Account Restrictions and Tailoring

Smart Portfolios does not implement Client restrictions governing investments, such as the type of securities or issuers to be bought or sold. Smart Portfolios will not select models for a Client that are inconsistent with any restrictions imposed by the Client and will not accept the Client if an available model or strategy would be inconsistent with any restrictions. Smart Portfolios does not specifically tailor models for Clients but can offer a custom strategy. Models and strategies are selected for Clients based on a Client's financial position, objectives and risk tolerance.

Important Disclosure Information

Limitations of Financial Planning, Non-Investment Consulting and Implementation.

As indicated above, to the extent requested by a Client, Smart Portfolios may provide financial planning and related consulting services. Neither Smart Portfolios nor its investment adviser representatives assist Clients with the implementation of any financial plan, unless they have agreed to do so in writing. Smart Portfolios does not monitor a Client's financial plan, and it is the Client's responsibility to revisit the financial plan with Smart Portfolios, if desired.

Furthermore, although Smart Portfolios may provide recommendations regarding non-investment related matters, such as estate planning, tax planning and insurance, Smart Portfolios does not serve as a law firm, accounting firm, or insurance agency, and no portion of Smart Portfolios' services should be construed as legal, accounting, or insurance implementation services. Accordingly, Smart Portfolios does not prepare estate planning documents, tax returns or sell insurance products.

To the extent requested by a Client, Smart Portfolios may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance agents, etc.). Clients are reminded that they are under no obligation

to engage the services of any such recommended professional. The Client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by Smart Portfolios or its representatives.

If the Client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the Client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e., attorney, accountant, insurance agent, etc.), and not Smart Portfolios, shall be responsible for the quality and competency of the services provided.

Client Obligations

In performing its services, Smart Portfolios shall not be required to verify any information received from the Client or from the Client's other professionals and is expressly authorized to rely thereon. Moreover, each Client is advised that it remains their responsibility to promptly notify Smart Portfolios if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Smart Portfolios' previous recommendations and/or services.

Non-Discretionary Service Limitations

Clients that engage with Smart Portfolios on a non-discretionary investment advisory basis must be willing to accept that Smart Portfolios cannot affect any account transactions without obtaining prior consent to such transaction(s) from the Client. Therefore, in the event that Smart Portfolios would like to make a transaction for a Client's account (including in the event of an individual holding or general market correction), and the Client is unavailable, Smart Portfolios will be unable to affect the account transaction(s) (as it would for its discretionary Clients) without first obtaining the Client's consent.

Use of Mutual Funds and Exchange Traded Funds

Smart Portfolios utilizes mutual funds and exchange traded funds for its client portfolios. In addition to Smart Portfolios' investment advisory fee described below, and transaction and/or custodial fees discussed above, clients will also incur, relative to all mutual fund and

exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

Socially Responsible Investing Limitations

Socially Responsible Investing involves the incorporation of Environmental, Social and Governance (“ESG”) considerations into the investment due diligence process. ESG investing incorporates a set of criteria/factors used in evaluating potential investments: Environmental (i.e., considers how a company safeguards the environment); Social (i.e., the manner in which a company manages relationships with its employees, customers, and the communities in which it operates); and Governance (i.e., company management considerations). The number of companies that meet an acceptable ESG mandate can be limited when compared to those that do not and could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange-traded funds are limited when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by Smart Portfolios), there can be no assurance that investment in ESG securities or funds will be profitable, or prove successful.

For a fund’s inclusion in Smart Portfolios’ ESG strategy, Smart Portfolios will utilize outside ESG ratings as provided by research vendors (e.g., etfdb.com). Outside ratings may evaluate various aspects of ESG values by combining an overall ESG score, environmental scores, and/or social & governance scores individually. Additionally, Smart Portfolios may include due diligence with fund providers to assess their ESG selections process, factors evaluated, negative screening conditions, etc. to support the evaluation process.

Portfolio Activity

Smart Portfolios has a fiduciary duty to provide services consistent with the Client’s best interest. As part of its investment advisory services, Smart Portfolios will review Client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style

drift, account additions/withdrawals, and/or a change in the Client's investment objective. Based upon these factors, there may be extended periods of time when Smart Portfolios determines that changes to a Client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

Retirement Plan Rollovers – No Obligation

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Smart Portfolios recommends that a client roll over their retirement plan assets into an account to be managed by Smart Portfolios, such a recommendation creates a conflict of interest if Smart Portfolios will earn new (or increase its current) compensation as a result of the rollover. If Smart Portfolios provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), Smart Portfolios is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. No client is under any obligation to roll over retirement plan assets to an account managed by Smart Portfolios, whether it is from an employer's plan or an existing IRA.

ByAllAccounts

In conjunction with the services provided by ByAllAccounts, Inc., Smart Portfolios may also provide periodic comprehensive reporting services, which can incorporate all of the Client's investment assets including those investment assets that are not part of the assets managed by Smart Portfolios (the "Excluded Assets"). Smart Portfolios' service relative to the Excluded Assets is limited to reporting services only, which does not include investment implementation. Because Smart Portfolios does not have trading authority for the Excluded Assets, to the extent applicable to the nature of the Excluded Assets (assets over which the

Client maintains trading authority vs. trading authority designated to another investment professional), the Client (and/or the other investment professional), and not Smart Portfolios, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. The Client and/or their other advisors that maintain trading authority, and not Smart Portfolios, shall be exclusively responsible for the investment performance of the Excluded Assets. Without limiting the above, Smart Portfolios shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the Client desires that Smart Portfolios provide investment management services (whereby Smart Portfolios would have trading authority) with respect to the Excluded Assets, the Client may engage Smart Portfolios to do so.

Cash Positions

Smart Portfolios continues to treat cash as an asset class. As such, unless determined to the contrary by Smart Portfolios, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Smart Portfolios' advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Smart Portfolios may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Smart Portfolios' advisory fee could exceed the interest paid by the client's money market fund.

Bitcoin, Cryptocurrency, and Digital Assets

Smart Portfolios does not recommend or advocate for the purchase of, or investment in, Bitcoin, cryptocurrencies, or digital assets. Such investments are considered speculative and carry significant risk. For clients who want exposure to Bitcoin, cryptocurrencies, or digital assets, Smart Portfolios, may advise the client to consider a potential investment in corresponding exchange traded securities, or an allocation to separate account managers and/or private funds that provide cryptocurrency exposure.

Bitcoin and cryptocurrencies are digital assets that can be used for various purposes, including transactions, decentralized applications, and speculative investments. Most digital assets use blockchain technology, an advanced cryptographic digital ledger to secure transactions and validate asset ownership. Unlike conventional currencies issued and regulated by monetary authorities, cryptocurrencies generally operate without centralized control, and their value is determined by market supply and demand. While regulatory oversight of digital assets has evolved significantly since their inception, they remain subject to variable regulatory treatment globally, which may impact their risk profile and liquidity.

Given that cryptocurrency investments are speculative and subject to extreme price volatility, liquidity constraints, and the potential for total loss of principal, Smart Portfolios does not exercise discretionary authority to purchase cryptocurrency investments for client accounts. Any investment in cryptocurrencies must be expressly authorized by the client. Clients who authorize the purchase of a cryptocurrency investment must be prepared for the potential for liquidity constraints, extreme price volatility, regulatory risk, technological risk, security and custody risk, and complete loss of principal.

Cash Sweep Accounts

Certain account custodians can require that cash proceeds from account transactions or new deposits, be swept to and/or initially maintained in a specific custodian designated sweep account. The yield on the sweep account will generally be lower than those available for other money market accounts. When this occurs, to help mitigate the corresponding yield dispersion Smart Portfolios shall (usually within 30 days thereafter) generally (with exceptions) purchase a higher yielding money market fund (or other type security) available on the custodian's platform, unless Smart Portfolios reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to the amount of dispersion between the sweep account and a money market fund, the size of the cash balance, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account.

The above does not apply to the cash component maintained within a Smart Portfolios actively managed investment strategy (the cash balances for which shall generally remain in the custodian designated cash sweep account), an indication from the client of a need for access to such cash, assets allocated to an unaffiliated investment manager and cash balances maintained for fee billing purposes.

The client shall remain exclusively responsible for yield dispersion/cash balance decisions and corresponding transactions for cash balances maintained in any Smart Portfolios unmanaged accounts.

Artificial Intelligence

Smart Portfolios may use certain Artificial Intelligence (“AI”) tools in connection with its investment advisory services. Smart Portfolios has adopted an AI Policy that governs the appropriate use of AI tools to ensure that Smart Portfolios and its employees abide by their fiduciary duty and comply with all applicable regulations. AI tools are not as a substitute for professional judgment by Smart Portfolios or its employees, and all AI generated output is reviewed by Smart Portfolios for accuracy. All investment decisions and recommendations are made and approved by Smart Portfolios. The use of AI tools does not guarantee the accuracy of analyses or the success of any investment strategy. Clients should not assume that reliance on AI tools results in better performance or reduces risk. AI tools involve limitations and risks that Smart Portfolios monitors and manages. These risks include, but are not limited to, data security concerns, potential inaccuracies, and possible algorithmic biases. To mitigate these risks, Smart Portfolios has implemented controls such as pre-approval requirements for AI tools, restrictions on providing nonpublic personal information to public AI systems, vendor due diligence, review of AI-generated materials, and employee training on appropriate AI usage.

Cybersecurity Risk

The information technology systems and networks that Smart Portfolios and its third-party service providers use to provide services to Smart Portfolios’ clients employ various controls

that are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Smart Portfolios' operations and/or result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Smart Portfolios are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur financial losses and/or other adverse consequences. Although Smart Portfolios has established processes to reduce the risk of cybersecurity incidents, there is no guarantee that these efforts will always be successful, especially considering that Smart Portfolios does not control the cybersecurity measures and policies employed by third-party service providers, issuers of securities, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchanges and other financial market operators and providers.

Client Privacy and Confidentiality

Smart Portfolios maintains policies and procedures designed to help protect the confidentiality and security of client nonpublic personal information ("NPPI"). NPPI includes, but is not limited to, social security numbers, credit or debit card numbers, state identification card numbers, driver's license number and account numbers. Smart Portfolios maintains administrative, technical, and physical safeguards designed to protect such information from unauthorized access, use, loss, or destruction. These safeguards include controls relating to data access, information security, and incident response, and are reviewed to address changes in risk and business. Client information may be disclosed in response to regulatory requests, legal obligations, or as otherwise permitted by law, and any such disclosure is made in accordance with applicable privacy and confidentiality requirements.

Smart Portfolios may engage non-affiliated service providers in connection with providing advisory services, and such providers may have access to client NPPI, as necessary, to perform their functions. Smart Portfolios confirms that service providers maintain safeguards designed to protect client information from unauthorized access or use and provide notice to Smart Portfolios in the event of a cybersecurity incident involving client information maintained by the service provider. While Smart Portfolios maintains policies

and procedures designed to protect client information, such measures cannot eliminate all risk. Smart Portfolios will notify clients in the event of a data breach involving their NPPI as may be required by applicable state and federal laws.

Item 5 – Fees and Compensation

Smart Portfolios’ fees are typically paid quarterly in advance by applying one quarter of the annual rate shown below to the account balance at the end of the previous quarter. The fee for accounts initiated or terminated during a calendar quarter is pro-rated. To the extent that aggregate Client deposits of \$10,000 or aggregate withdrawals of \$1,000 occur during a particular billing period, a prorated adjustment will be added or subtracted from the following quarter’s calculated fee to compensate for the change in the amount of Client assets under management during the previous quarter. Clients who terminate receive a refund of the portion of the fee, calculated based on the number of days remaining in the quarter at the time of termination, within thirty days of termination.

Account fees may be deducted from Clients’ assets or billed directly, depending on the custodian of the assets or type of account. Clients may not select the method of payment.

For Retail Services:

Tiered annual rate:

<u>Total AUM</u>	<u>Management Fee</u>
First \$1mm	1.50%
Next \$1mm	1.20%
Next \$2mm	1.00%
Next \$2mm	0.90%
Next \$1mm	0.80%
Next \$1mm	0.70%
> \$8mm	Negotiable

Fee Dispersion

Smart Portfolios, in its discretion, may charge a lesser investment advisory fee, charge a flat fee, waive its fee entirely, or charge fee on a different interval, based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). As a result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

Back-office Management Fees

Smart Portfolios may pass along the fees charged by its back-office solution (services offered by Orion and ByAllAccounts). These fees vary based upon the Client's assets under management, but typically amount to approximately \$3.00 per month per account.

Clients prior to January 1, 2019 are grandfathered in with no additional costs. Smart Portfolios may, in its sole discretion, waive or negotiate fees.

Other Fees and Expenses:

In addition to Smart Portfolios' fees, Clients pay custodial and other fees, costs, and expenses to their custodian. In addition to the advisory fee paid to Smart Portfolios, Clients may pay either a commission or transaction fee to their custodian, which includes execution, custodial fees and other costs and expenses pursuant to a separate agreement with the custodian. Clients may incur certain other charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds (ETFs) also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are in addition to Smart Portfolios' fee, and Smart Portfolios does not receive any portion of these commissions, fees and costs. See Item 12 for further discussion regarding brokerage.

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

Smart Portfolios does not charge performance-based fees.

Item 7 – Types of Clients

Smart Portfolios provides investment management and financial planning to retail Clients.

Smart Portfolios requires a minimum initial investment of \$100,000 per Client. The minimum is not applicable to accounts held with insurance companies, TIAA/CREF or custodied with Goldman Sachs (formerly FolioFn). Smart Portfolios may, at its discretion, reduce the minimum investment requirements.

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

Investing in securities involves risks, including the possibility of a complete loss of the amount invested, which Clients should be prepared to bear.

- Smart Portfolios' Philosophy:
- Investors (collectively) make the market.
- Markets are driven by investor expectations. (fundamentals, economics, technicals, etc.)
- Changes in expectations affect security prices. (earnings estimates, interest rates, technical breakouts, etc.)
- Large errors in expectations cause rapid and pronounced price changes. (internet bubble, real estate boom, flash crash, Greek currency, Russian bond default, Mexican peso devaluation, etc.)
- Managing the changes in price, volatility, dependency, and velocity of change, optimizes portfolio performance
- Research shows extreme market events occur more often than is normally assumed, that volatility and the relationships between the price movements of securities (correlation) are not constant, and that future volatility, correlation, return

opportunity and risk can be scientifically, albeit imperfectly, predicted over one-month horizons.

- Multiple studies claim 91.5% of the quarterly variation in returns comes from asset allocation. Billions are spent annually on the remaining 8.5% but few resources are spent analyzing the largest driver, asset allocation. Nearly all asset allocation software solutions follow a three-step process to determine the optimal asset mix, a process termed portfolio optimization. These three steps require the modeler to calculate risk, return and correlation of a given set of securities. Most of these calculations come from concepts designed over 50 years ago.
- Each of the models, described briefly below, is designed for varying risk. Each is subject to the general risks described below. Additional risk for a strategy is inherent in the asset classes selected and the universe of available funds.

The Smart Tactical models use statistical modeling and are based on Smart Portfolios' proprietary asset allocation engine, Dynamic Portfolio Optimization (DPO). Smart Portfolios' DPO engine modifies the portfolio asset mix to reflect the current risk and potential return of the investable markets. Using DPO, models are established with different pre-established risk objectives but using the same philosophy. When markets are at greater risk the model strives to reduce the risk tolerance level to preserve capital and when risk-adjusted returns are attractive the model's objective is to seize the opportunity for greater returns. In other words, the market, which is constantly changing, dictates the risk/reward profile.

The Smart Tactical models leverage current computing power and advanced mathematics to track the changes in risk and return and deliver what the company believes is closer to a real-time asset allocation solution. Having developed tools to act on that philosophy, the strategy is designed to alter the portfolios market exposure, by degree and by sector, frequently to optimize risk-adjusted returns for Smart Portfolios' investors. The Smart Tactical models invest primarily through ETFs because Smart Portfolios believes ETFs efficiently diversify away company-specific risks the market does not compensate investors to take. ETFs provide access to a wide diversity of asset classes, and their sector specificity allows Smart Portfolios to take advantage of forecasted opportunities.

Smart Tactical Class 3: This strategy is designed to provide steady long-term growth by seeking lower volatility ETFs, such as those of fixed income or low correlated securities. Asset classes in the fund universe include: domestic and foreign fixed income, real estate, commodities and domestic and foreign equity securities.

Smart Tactical Class 6: This strategy is designed to be moderately aggressive, targeting long-term growth by investing in broader market ETFs. Asset classes in the fund universe include: domestic and foreign fixed income, real estate, commodities, and domestic and foreign equity securities.

Smart Tactical Class 7: This strategy is designed to provide long-term growth by investing in broader market ETFs and utilizing strategies such as investing in broader market ETFs and higher growth equity ETFs. Asset classes in the fund universe include: domestic and foreign fixed income, real estate, commodities, and domestic and foreign equity securities.

Smart Tactical ESG: This strategy is designed for investors seeking to outperform traditional asset allocation models on a risk-adjusted basis in all economic environments using tenants of Environmental, Social, & Governance (ESG) investing principals. Asset classes in the fund universe include: domestic and foreign fixed income, real estate, commodities, and domestic and foreign equity securities. In addition to the security selection above, the model gives special attention to help ensure that Environmental factors, Socially responsible factors, and corporate Governance factors are included in both bottom-up rankings and negative filters. Additional screening is done to help ensure adequate liquidity of investment choices remain to meet dynamic risk-management requirements.

There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (i.e., securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept

these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange traded funds are few when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by Smart Portfolios), there can be no assurance that investment in ESG securities or funds will be profitable, or prove successful.

The Smart Strategic models utilize iM Global Partner Asset Management research to inform their allocation and fund selection process.

Smart Strategic Conservative: The Smart Strategic Conservative model is managed in an effort provide conservative growth and income while limiting losses in a 12-month period. This model is appropriate for and selected by investors who are uncomfortable with higher short-term risk and who value short-term capital preservation over higher long-term returns.

Smart Strategic Moderate: The Smart Strategic Moderate model is managed in an effort to provide moderate growth while limiting loss in a 12-month period. This model is appropriate for and selected by investors who want to participate in the equity markets but are still somewhat uncomfortable with short-term risk.

Smart Strategic Mod-Growth: The Smart Strategic Mod-Growth model is managed in an effort to provide long-term growth while managing downside risk. This model has a more aggressive target allocation to equities and is appropriate for and selected by investors who are willing to accept higher short-term risk in exchange for higher long-term returns.

Smart Strategic Growth: The Smart Strategic Growth model aims to be a fully invested, global equities portfolio. This model is designed to exhibit higher risk (volatility) and higher long-term returns than our other less aggressive models. This portfolio is appropriate for and selected by investors with a long-time horizon and no concerns about short-term risk.

Smart Fundamental Conservative: The Smart Fundamental Conservative model typically holds less than 40% in individual stock securities or ETF's, balanced by individual bond securities, and cash. Stock securities are selected from US based companies with a market capitalization normally \$5 billion and larger with allocation to each of the ten Economic Sectors (e.g., Industrials, Consumer Staples, Financials). The strategy includes 40-50 different stock positions and ETFs under normal circumstances. In evaluating specific companies, we look for companies that are leaders and innovators in their respective industries, and that have a long history of earnings and dividend growth. The individual bond security issues are Investment Grade quality, and that are issued directly by the US Government, US Government Agencies, Municipalities, or US Corporations as well as ETFs. Maturities normally range between one and ten years, with an average portfolio maturity typically in the 4-6 year area. A cash component to this strategy may be used at any time and for any reason. The strategy is not designed for frequent trading. With client agreement, this model may be combined with Alternative Assets.

Smart Fundamental Moderate: The Smart Fundamental Moderate model typically holds between 40% to 60% in individual stock securities or ETF's, balanced by individual bond securities, and cash. Stock securities are selected from US based companies with a market capitalization normally \$5 billion and larger with allocation to each of the ten Economic Sectors (e.g., Industrials, Consumer Staples, Financials). The strategy includes 40-50 different stock positions and ETFs under normal circumstances. In evaluating specific companies, we look for companies that are leaders and innovators in their respective industries, and that have a long history of earnings and dividend growth. The individual bond security issues are Investment Grade quality, and that are issued directly by the US Government, US Government Agencies, Municipalities, or US Corporations as well as ETFs. Maturities normally range between one and ten years, with an average portfolio maturity typically in the 4-6 year area. A cash component to this strategy may be used at any time and for any reason. The strategy is not designed for frequent trading. With client agreement, this model may be combined with Alternative Assets.

Smart Fundamental Mod-Growth: The Smart Fundamental Mod-Growth model typically holds between 60% to 80% in individual stock securities or ETF's, balanced by individual bond securities, and cash. Stock securities are selected from US based companies with a market capitalization normally \$5 billion and larger with allocation to each of the ten Economic Sectors (e.g., Industrials, Consumer Staples, Financials). The strategy includes 40-50 different stock positions and ETFs under normal circumstances. In evaluating specific companies, we look for companies that are leaders and innovators in their respective industries, and that have a long history of earnings and dividend growth. The individual bond security issues are Investment Grade quality, and that are issued directly by the US Government, US Government Agencies, Municipalities, or US Corporations as well as ETFs. Maturities normally range between one and ten years, with an average portfolio maturity typically in the 4-6 year area. A cash component to this strategy may be used at any time and for any reason. The strategy is not designed for frequent trading. With client agreement, this model may be combined with Alternative Assets.

Smart Fundamental Growth: The Smart Fundamental Growth model typically holds greater than 80% individual stock securities or ETF's, balanced by individual bond securities, and cash. Stock securities are selected from US based companies with a market capitalization normally \$5 billion and larger with allocation to each of the ten Economic Sectors (e.g., Industrials, Consumer Staples, Financials). The strategy includes 40-50 different stock positions and ETFs under normal circumstances. In evaluating specific companies, we look for companies that are leaders and innovators in their respective industries, and that have a long history of earnings and dividend growth. The individual bond security issues are Investment Grade quality, and that are issued directly by the US Government, US Government Agencies, Municipalities, or US Corporations as well as ETFs. Maturities normally range between one and ten years, with an average portfolio maturity typically in the 4-6 year area. A cash component to this strategy may be used at any time and for any reason. The strategy is not designed for frequent trading. With client agreement, this model may be combined with Alternative Assets.

TIAA-CREF 18 Allocation Strategy: This strategy uses a TIAA CREF 18 Fund Universe portfolio focused on delivering investors sustainable long-term growth. The strategy employs the preselected 18 diversified investments including bonds, domestic and foreign equities, real estate, and money market funds.

Customized Investment Strategy: This strategy uses ETF, mutual fund, stock, Unit Investment Trust (UITF), and/or bond fund universe to custom build a portfolio focused on delivering investors sustainable long-term growth. The strategy employs diversified investments including bonds, domestic and foreign equities, real estate, and money market funds, as well as concentrated stock positions held or requested by the Client, or less frequently, the advisor. Smart Portfolios' customized strategies are based on the specific needs of a Client, such as an investor holding a concentrated equity investment. These strategies do not follow the investment selection process of the portfolio optimization models.

Smart Alternative Assets: Alternative Assets typically include investments in such areas as real estate, private equity, hedge funds, commodities, venture capital and infrastructure. Offerings include publicly traded securities that are priced daily and are highly liquid and well as less liquid securities such as interval funds that offer quarterly liquidity. The underlying securities used include interval funds, individual stocks, mutual funds, and ETFs. Alternative investments are not designed for frequent trading. Securities in this category may be individually selected or customized to fit individual client portfolios.

- Additionally, O'Shaughnessy Asset Management is a sub-advisor to Smart Portfolios and a portion of select Client's portfolios have an allocation to this strategy.

Certain Material Risks: All Client portfolios are subject to material risks, including:

General Economic Conditions and Market Disruptions: Prices of securities may be volatile due to general economic conditions and market movements. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs; changing supply and demand relationships; political and economic conditions and changes in interest rates. In addition, adverse global

financial conditions may reduce prices and liquidity of equity, debt securities, commodities, real estate, and adversely affect their issuers.

Liquidity in Financial Markets: Adverse economic conditions may affect the financial markets in the United States and elsewhere, and may reduce demand and liquidity in equity, credit and fixed-income, or alternative security markets. Because securities fluctuate in value based on supply and demand, this in turn could adversely affect the value of a portfolio's assets. For example, if many mutual fund investors sought to redeem their shares at the same time, mutual fund companies could be forced to sell their investments at lower prices in order to meet redemption requests.

Investments in Equity Securities: In general, the value of equity securities or stocks, including those in which Client accounts will be invested, is subject to market risk. This would include changes in economic conditions, growth rates, profits, interest rates and the market's perception of equity securities. While historically offering greater potential for long-term growth, equity securities are more volatile and riskier than some other investments.

International Securities: Smart Portfolios' models may hold ETFs, which are purchased within the United States, but whose underlying securities are of companies who are domiciled either in developed or emerging market countries. These investments may involve special risks due to economic, political, and legal developments, including changes in currency exchange rates; exchange control regulations; expropriation of assets or nationalization; imposition of withholding taxes on dividends or interest payments and less comprehensive accounting reporting and disclosure requirements.

Fixed Income Securities: In general, the value of fixed income securities or bonds, including those in which Client accounts will be invested, is subject to fixed income risks. These risks include:

- a.) Credit risk – the risk of an existing bond position in the portfolio having its credit rating downgraded, which normally results in a price decrease

b.) Default risk – the possibility of a bond issuer defaulting on their bond payments which could result in either a price decrease or a complete loss of value

c.) Interest Rate risk – the relationship between the current price of a bond can decrease when the current interest rate begins to increase.

Trading: A portion of Smart Portfolios' investment models typically require more frequent trading than those of its peers. From a cost perspective, the Client doesn't see additional cost if commissions are excluded or less significant if they are able to participate in an asset-based pricing account through their custodian. If the Client has to pay commission, they may incur additional costs over and above what they would have paid had they had asset-based pricing. A portion of capital gains may be from short-term gains, which is not advantageous in a non-qualified account.

ETNs: Smart Portfolios will occasionally invest in Exchange Traded Notes (ETNs). ETNs offer an alternative or solution to access difficult investments areas, such as currencies or commodities. ETNs cause counter party risk, where the ETN issuer assumes the risk that they can offset their liabilities under the ETNs by any means they choose, but insolvency by the issuer for any reason causes the ETN holders to become general creditors. As well, ETNs may generate a K-1 which could affect the timing and expense of tax returns.

Item 9 – Disciplinary Information

Like other investment advisers, Smart Portfolios is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a Client's evaluation of Smart Portfolios or the integrity of Smart Portfolios' management. No events have occurred at Smart Portfolios that are applicable to this item.

Item 10 – Other Financial Industry Activities and Affiliations

Smart Portfolios is not actively engaged in a business other than giving investment advice. Neither Smart Portfolios nor any of its management personnel is registered or has an application pending to register as a broker-dealer, futures commission merchant,

commodity pool operator, commodity trading adviser, or associated person of the foregoing and Smart Portfolios does not anticipate such affiliations in the future.

Mark Bergeron, in his individual capacity, is a licensed insurance agent, and may recommend the purchase of certain insurance-related products on a commission basis. The recommendation by Mr. Bergeron that a Client purchase an insurance commission product presents a conflict of interest, as his potential receipt of commissions provides an incentive to recommend insurance products based on commissions received, rather than on a particular Client's need. No Client is under any obligation to purchase any insurance commission products from Mr. Bergeron and Clients are reminded that they may purchase insurance products recommended by Smart Portfolios through other, non-affiliated licensed insurance agents.

Item 11 - Code of Ethics

Smart Portfolios has adopted a Code of Ethics for all supervised persons of the firm. This describes its standard of business conduct, and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, a ban on rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Smart Portfolios must acknowledge the terms of the Code of Ethics annually in writing and agree to be bound by it.

Smart Portfolios employees are not prohibited from investing in the ETFs, mutual funds or subaccounts that are in the predetermined universe for a particular model. Investors should note there is a possibility that employees might benefit from market activity of a Client in a security held by an employee. However, given the modest size of employee trades, if any, in relation to the size of the holdings in Client portfolios, Smart believes that any employee trading would be unlikely to have any material impact on purchase or sales prices experienced by Clients.

Further, the Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees of Smart Portfolios will not interfere with making or implementing decisions in the best interests of Clients. Employees are required to report their trading activity quarterly and their securities holdings annually. These reports are reviewed by Smart Portfolios' Chief Compliance Officer.

The Code of Ethics designates certain classes of securities (including, without limitation, shares of open-end mutual funds) as exempt from reporting, based upon exemptions provided under applicable federal securities laws.

It is Smart Portfolios' policy that the firm will not affect any principal transaction or cause Client accounts to enter into securities trades with each other. Principal transactions are generally defined as transactions in which an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory Client. An agency cross transaction is defined as a transaction in which a person acts as an investment adviser in relation to a transaction in which the investment adviser acts as a broker for both the advisory Client and for another person on the other side of the transaction. Agency cross transactions may arise if an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. None of these circumstances applies to Smart Portfolios. See Item 12 regarding brokerage practices.

Smart Portfolios will provide a copy of the Firm's Code of Ethics to any Client upon request made to the Chief Compliance Officer at (206) 686-3636 or kcopper@smartportfolios.com.

Item 12 - Brokerage Practices

When engaged to sub-advisory services, Smart Portfolios will not have the authority to determine the custodian used for custody of Client securities. In order to use Smart Portfolios' services Clients must have or establish an account with a custodian through which Smart Portfolios can trade. Smart Portfolios may recommend custodians based on pricing, perceived stability, security, efficiency, and the performance of trade execution and other routine services, as well as the reasonableness of fees charged. The value of special services,

products and research made available to Smart Portfolios will have no bearing upon the recommendation of custodians.

Although not a material consideration when determining whether to recommend that a Client utilize the services of a particular broker-dealer or custodian, Smart Portfolios may receive from certain broker-dealer or custodians (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, mutual fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Smart Portfolios to better monitor and service Client accounts maintained at such institutions. Included within the support services that may be obtained by Smart Portfolios may be investment-related research, pricing information and market data, software and other technology that provide access to Client account data, compliance or practice management-related publications, discounted or gratis consulting services, discounted or gratis attendance at conferences, meetings, and other educational or social events, marketing support, computer hardware or software or other products used by Smart Portfolios in furtherance of its investment advisory business operations.

There is no corresponding commitment made by Smart Portfolios to any other entity to invest any specific amount or percentage of Client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

“iRebal”

Smart Portfolios considers a number of factors in selecting brokers and custodians at which to locate (or recommend location of) its Client accounts, including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided. When recommending Charles Schwab & Co., Inc. (“Schwab”) as the broker and custodian for certain of its current and future Client accounts, Smart Portfolios takes into consideration its arrangement with Schwab’s portfolio rebalancing service for advisors known as “iRebal.”

Although Smart Portfolios believes that the products and services offered by Schwab are competitive in the market place for similar services offered by other broker-dealers or

custodians, the arrangement with Schwab as to the iRebal service may affect Smart Portfolios' independent judgment in selecting or maintaining Schwab as the broker or custodian for Client accounts.

To the extent that Smart Portfolios provides investment management services to its Clients, the transactions for each Client account generally will be effected independently, unless Smart Portfolios decides to purchase or sell the same securities for several Clients at approximately the same time. Smart Portfolios may (but is not obligated to) combine or "bunch" such orders to seek best execution, to negotiate more favorable commission rates or to allocate equitably among Clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Clients in proportion to the purchase and sale orders placed for each Client account on any given day. Smart Portfolios shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 - Review of Accounts

All model positions (except collective investment trusts of insurance companies or TIAA/CREF and customized strategies) are reviewed internally daily (new model updates may be run daily or minimally annually). Most accounts applied to Dynamic Portfolios Optimization models are reallocated once per quarter. Bryce James, President, and/or Keith Campbell, Chief Investment Officer, reviews all Dynamic Portfolio Optimization models at least monthly.

Smart Portfolios will provide a written report to each Client on a quarterly basis regarding the performance and valuation of their account. In addition, Clients receive monthly or quarterly statements from their respective custodian.

Item 14 - Client Referrals and Other Compensation

Smart Portfolios compensates certain third-party promoters who refer Clients to Smart Portfolios. The promoter provides each prospective Client with a copy of this brochure

along with a written disclosure of the terms of the arrangement between Smart Portfolios and the promoter, including the compensation to be received by the promoter from Smart Portfolios. This fee does not increase or decrease the management fee any Client pays to Smart Portfolios.

Item 15 – Custody

Smart Portfolios does not take possession of Client money or securities, although Smart Portfolios often has the authority to deduct its advisory fees from Client accounts. See discussion regarding custodians in Item 12. Clients receive monthly or quarterly statements from the custodian which holds and maintains the Client’s account. Smart Portfolios urges clients to review those statements carefully and compare them to the performance reports provided. Reports from Smart Portfolios may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients should contact Smart Portfolios immediately if any discrepancies or errors are discovered.

Item 16 – Investment Discretion

Smart Portfolios receives discretionary trading authority from each Client at the outset of an advisory relationship when the Client signs a third-party authorization or grants discretionary authority in an advisory contract. With respect to retail Clients, Smart Portfolios exercises discretion in accordance with the Client’s financial position, objectives, and risk tolerance.

Item 17 – Voting Client Securities

Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client’s investment assets. Smart Portfolios or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client’s investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Smart Portfolios to discuss any questions they may have with a particular solicitation.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about Smart Portfolios financial condition. Smart Portfolios has no financial commitment which impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of a bankruptcy proceeding.