

Carapace Financial Advisors LLC

**One Pluckemin Way
Suite 303
Bedminster, NJ 07921**

**Telephone: 908-375-8072
Facsimile: 908-375-8732**

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www.carapacefinancial.com

FORM ADV PART 2A

DISCLOSURE BROCHURE

This brochure provides information about the qualifications and business practices of Carapace Financial Advisors LLC. If you have any questions about the contents of this brochure, contact us at 908-375-8072. 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 Carapace Financial Advisors LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Carapace Financial Advisors LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated March 26, 2024 we updated the office phone number to 908-375-8072.

We also added a Table of Fees for Services, Appendix A.

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Item 4 Advisory Business

Description of Firm

Carapace Financial Advisors LLC ("Carapace") was registered in the State of New Jersey, where the firm is located in Bedminster, NJ in February 2018 as an Investment Advisor. Carapace is organized as a limited liability company ("LLC") under the laws of the State of New Jersey, and we are primarily owned by Frederick P. Ziwot.

Carapace specializes in providing clients with customized market-linked hedging and investment strategies. These strategies are designed to provide protection from market downturns in a specific equity security while providing upside participation to a capped level. Carapace works closely with its institutional and accredited investor clients to ensure that each strategy meets their risk, return and liquidity needs.

Investment services are provided by Carapace on a discretionary basis including discretion over the broker or dealer to be used for securities transactions. However, Carapace will honor any reasonable investment restrictions on investing in certain securities or types of securities imposed by the client in writing.

The following paragraphs describe our services and fees. As used in this brochure, the words "we," "our," and "us" refer to Carapace Financial Advisors LLC and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

Sub-Advisory Services to Registered Investment Advisers

Carapace offers its proprietary investment and hedging strategies to third party money managers (the "Primary Investment Advisor") on a sub-advisory basis. In these cases, the Primary Investment Advisor selects the Carapace strategy and is responsible for all direct communication with client investors. We will not directly manage the Primary Investment Adviser's individual client accounts. Through your primary investment adviser, you may impose reasonable restrictions and guidelines to your separately managed account.

Direct Client Advisory Services

Carapace also offers portfolio management and the same services noted above directly to individuals. When we provide discretionary portfolio management services, our investment advice is tailored to meet our clients' needs and investment objectives.

If you participate in our discretionary portfolio management services, we require you to grant us discretionary authority to manage your account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on your behalf. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without obtaining your approval prior to each transaction. We will also have discretion over the broker or dealer to be used for securities transactions in your account. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms.

You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

Carapace works closely with its clients to customize hedging and investment strategies that meet their risk, return and liquidity parameters. The goal of each Carapace strategy is to reduce market risk in a

specified equity security to a defined threshold while offering upside participation to a capped level or above-average current income.

Carapace Growth-Oriented strategies seek to deliver an investment outcome that significantly reduces market risk in declining markets and offers upside growth potential to a capped level in rising markets.

Carapace Income-Oriented strategies seek to provide investor clients with above-average income while reducing downside market risk on underlying reference equity portfolios.

See Section 8 for more information regarding investment strategies.

Private Investment Funds

Carapace serves as the Manager of Carapace Funds LLC, a multi-series Delaware limited liability company that was organized in October 2017.

The investment objective, terms and restrictions of each Private Fund Series are set forth in each applicable offering document, along with the associated organizational documents and/or subscription agreements, as the case may be (each and collectively, the "Governing Documents"). Such funds are available for investment only by institutional investors and other sophisticated, high-net-worth investors, who meet the eligibility requirements of the applicable fund set forth in its Governing Documents. Each such fund is exempt from registration as an investment company under the U.S. Investment Company Act, as amended (the "Investment Company Act"), under Section 3(c)(1) or 3(c)(7) thereof.

Types of Investments

Carapace strategies predominantly utilize liquid investment grade debt securities and exchange-listed options to mitigate downside market risk and/or provide potential upside equity returns in client portfolios.

Wrap Fee Programs

Carapace does not sponsor, participate, nor engage in wrap fee programs.

Assets Under Management

As of December 31, 2024, we managed \$85,887,834 of client assets on a discretionary basis.

Item 5 Fees and Compensation

Sub-Advisory Services for Registered Investment Advisers

When Carapace acts as a sub-advisor to a third party money manager, investment management fees typically range from 0.40% to 2.00% of assets under management. The Investment Management Fee will be paid in advance of each quarterly billing period based upon the market value of the Assets in the Client Account on the last day of the previous billing period ("Billing Period").

Management fees, however, are on a negotiated basis; sub-advisory clients may be charged certain fees based upon but not limited to factors such as size and complexity of the strategy and at the sole discretion of Carapace. When acting as a sub-adviser, Carapace may deduct fees from client accounts. Any unearned prepaid fees obtained by Carapace shall be refunded in accordance with the sub-adviser agreement in affect. Additionally, if you withdrawal more than \$100,000 in a Billing Period, we will credit our unearned Investment Management Fee towards the next Billing Period; if you deposit more than \$100k in a Billing Period we will debit the client's account for our Investment Management

Fee in the next Billing Period

Direct Fee Debit

Clients provide Carapace with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Carapace.

Management Services Offered to Carapace Funds

When Carapace acts as Manager to Carapace Funds (a Delaware multi-series LLC), specific information regarding our management fees can be found in the applicable private offering documents. All fees and expenses assessed to each Private Fund Series are fully disclosed to investors in the respective offering documents.

Carapace Investment Management Strategies for Individuals

When Carapace acts as Advisor for individual clients, investment management fees typically range from 0.40% to 2.00% of assets under management. The Investment Management Fee will be paid in advance of each quarterly billing period based upon the market value of the Assets in the Client Account on the last day of the previous billing period ("Billing Period"). This fee will be determined on a negotiated basis per client, based on the complexity of the strategy and each individual circumstance. For example, a lower fee may be charged on a buy and hold strategy, while a higher asset-based fee may be charged for providing investment advice which may involve active trading or investments in options

For Washington State clients only, the Management fee may range from 1.25% - 2.00%. This percentage includes a solicitor's fee.

To calculate our fee, we multiply the (Assets Under Management ("AUM") at the beginning of the billing period) x the (number of days in the billing period/divided by the actual days in the year). We use the actual number of days in the particular year. This year was 366, for example, but typically 365 in non-leap years. The formula is: (AUM at the beginning of the billing period) * ((Days assets managed / actual days in year) * (Management Fee)).

In the event a client terminates the client contract within a quarterly billing period, Carapace refunds unearned fees through the custodian. We fund our management fee accounts at each of the custodians, and then we submit a request on the custodian platform to refund the client fees for the amount that we calculate. To calculate the fee to be refunded we take the (AUM at the beginning of the quarter) * ((Days assets not managed / actual days in year) * (Management Fee)). To calculate the number of days, we use the actual number of days in the particular year. This year was 366, for example, but typically 365 in non-leap years. The formula is: (AUM at the beginning of the billing period) * ((Days assets not managed / actual days in year) * (Management Fee)).

Carapace may also charge a fixed fee of \$500.00 per hour, which will include the amount of time and services expected to be provided and agreed upon by a client on an individual basis. This fee may be higher than normally charged in the industry and that similar services may be offered by another investment adviser at a lower fee.

*Please see attached Appendix A – Table of Fees for Services

Additions and Withdrawals

You may make additions to and withdrawals from your Assets at any time, subject to our right to terminate services regarding Assets. The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Carapace on the last day of the previous billing cycle. If assets in excess of \$100,000 are deposited into an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. If assets in excess of \$100,000 are withdrawn from an account after the inception of a billing period, the fees charged with respect to such assets are adjusted to reflect the interim change in portfolio value. All withdrawals are subject to customary securities settlement procedures."

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

Acting as a sub-advisor to institutional investors, as an advisor to individuals or as a Manager of Carapace Funds, we do not incorporate or include the charge of any fee based on a percentage of capital gains within the account. However, when Carapace manages more than one client account, a potential conflict of interest exists when clients are charged different fees or types of fees.

The Firm has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies.

Item 7 Types of Clients

We offer investment advisory services primarily to high net worth individuals, private funds and to other investment advisers. In general, we require a minimum of \$100,000 for private fund clients and \$200,000 for separately managed accounts in which Carapace acts as a sub-advisor to institutional investors. However, minimum investment amounts are negotiated at the sole discretion of the Firm.

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

Carapace works closely with its clients to customize hedging and investment strategies that meet their risk, return and liquidity parameters.

The goal of each Carapace strategy is to reduce market risk in a specified equity index (the "Equity Index"), security or portfolio, to a defined threshold while offering upside participation to a capped level.

In order to achieve its stated objective, each Carapace strategy employs a proprietary methodology to select an optimized portfolio consisting of:

- Collateral. In most cases, Carapace will invest in a diversified portfolio of large-cap equity securities tailored to meet the growth and/or income objectives of the strategy. Such a portfolio may be selected by a third-party Equity Advisor. Carapace also has the ability to invest directly in U.S. Treasuries or to meet its strategy objectives.
- Options. Using a proprietary methodology, Carapace buys and sells a combination of exchange-listed puts and call options that reference each stock in the underlying equity portfolio. Such options are typically 12- to 15-months in maturity and have strike prices that correspond to the target return parameters of the strategy. Eligible Options also include Flexible Exchange options or "FLEX Options", whose trademark is owned by Chicago Board Options Exchange, Incorporated. In selecting options, Carapace employs a quantitative comparative

analysis that isolates the relative value of various specific combinations of options using "real-time" exchange-based pricing.

Each Carapace strategy is intended to earn returns related to the performance of the underlying equity portfolio as and when portfolio options expire. By correlating the strike prices of the Options to the target parameters of the strategy, Carapace seeks to deliver an investment outcome that significantly reduces market risk in declining markets and offers upside participation to a capped level or above-average income.

Risk of Loss

Investing in Carapace strategies involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will insulate clients from losses. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Other Risk Considerations

Fixed Income Securities Risk. Certain Carapace strategies invest in fixed income securities (including, but not limited to, US Treasury securities). Typically, the values of fixed income securities change inversely with prevailing interest rates. Therefore, a fundamental risk of fixed income securities is interest rate risk, which is the risk that the value of such securities will generally decline as prevailing interest rates rise, which may cause the value of the strategy to likewise decrease. In addition, the Carapace strategies are subject to the risk that interest rates may exhibit increased volatility, which could cause the value of a Carapace strategy to fluctuate more. How specific fixed income securities may react to changes in interest rates will depend on the specific characteristics of each strategy.

ETF Risk. An investment by Carapace in an ETF is subject to market risk and the risks related to each of the securities in which the ETF invests. Specifically, the value of an investment in an ETF will go up and down with the prices of the securities in which the ETF invests. The prices of securities in which the ETF invests may change in response to many factors, including the historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity.

Exchange Traded Funds: Exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund may have a manager that trades the fund's investments in accordance with the fund's investment objective. While ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

Call Options Risk. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option assumes the risk of an increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. The buyer of a call option assumes the risk of losing its entire investment in the call option.

Put Options Risk. There are risks associated with the sale and purchase of put options. The seller of a put option assumes the risk of a decrease in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing their entire investment if the put option expires unexercised.

Equity Index vs. ETF security Tracking Risk. A Carapace strategy's objective may be achieved by buying and selling financial instruments with direct exposure to the Equity Index or an ETF that tracks the Equity Index. In general, an equity index fluctuates with changes in the fair values of the stocks included in the index. In contrast, ETFs that reference an equity index generally attempt to hold a pro-rata composition of stocks that match the targeted index, but small differences in price between the Equity Index and the ETF may arise due to "Tracking Risk." This risk results when the sponsor of an ETF needs to adjust their holdings to reflect a rebalancing in the index or the addition or removal of a company. As such, the ETF must buy and sell underlying securities at that time and incur the associated trading costs. Those costs must be paid with the ETF's assets which, consequently, increases the tracking difference. Other variations between the index and the ETF may arise due to fractional shares of index constituents creating small differences relative to the ETF composition or illiquid securities which will incur greater transaction and rebalancing costs relative to more liquid constituents.

Options vs Underlying Security Tracking Risk. The valuation of option contracts depends on a number of different variables in addition to the value of the underlying asset. As a result, changes in option valuations are not likely to move in lockstep with the underlying asset. Although the value of the underlying asset is one of the primary contributors to the value of the option, other variables such as volatility of the underlying asset price, time to option expiry, interest rates, and the spread between the underlying asset price and the option strike price may dampen or even counteract the price movement of the option value relative to the change in price of the underlying asset.

Option Liquidity Risk. Liquidity risk is the risk that the value of an option will fall in value if trading in the option is limited or absent. No one can guarantee that a liquid secondary trading market will exist for the Options. Trading in the Options may be less deep and liquid than the market for certain other securities. FLEX Options may be less liquid than certain non-customized options. In a less liquid market for the Options, terminating the Options may require the payment of a premium or acceptance of a discounted price and may take longer to complete. In a less liquid market for the Options, the liquidation of a large number of options may more significantly impact the price. A less liquid trading market may adversely impact the value of the Options and your interests. It is not anticipated that there will be an existing market for options with the same customized terms as the Options and an active market may not be established.

Item 9 Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

Item 10 Other Financial Industry Activities and Affiliations

Arrangements with Affiliated Entities

We are affiliated with Oliver Luxxe Assets LLC through minority ownership. We will recommend that you use the services of our affiliate if appropriate and suitable for your needs. Our advisory services are separate and distinct from the fees paid to our affiliate for their services. Oliver Luxxe Assets LLC serves as an Equity Advisor to all three Carapace Funds, LLC.; Carapace Buffered Dividend Income Fund Series 1, Carapace Buffered Dividend Income Fund Series 2, and Oliver Luxxe Small Cap Equity Private Fund – A Series of Carapace Funds, LLC.

Oliver Luxxe provides equity portfolio selection for select Carapace Financial Advisors strategies. Examples of when this would be appropriate is when the client does not have their own portfolio of stocks or request portfolio advisory services.

Referral arrangements with an affiliated entity present a conflict of interest for us because we may have a direct or indirect financial incentive to recommend an affiliated firm's services. While we believe that compensation charged by an affiliated firm is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms.

Carapace serves as the Manager to Carapace Funds, LLC.

Gregory Aroneo serves as Carapace's Chief Compliance Officer ("CCO").

Neither Carapace nor its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, or a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

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

Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

The firm and its associated persons may trade in the same securities as traded for clients. However, it is the policy of the firm not to give preference to orders for the firm and/or personnel associated with the firm regarding such trading. The firm and/or its employees and members may personally invest in the same securities that are purchased for client trading accounts and may own securities that are

subsequently purchased for client accounts. If a security is purchased or sold for client accounts and the firm and/or its employees or members on the same day, the firm and/or its employees or members will pay or receive the same price as the client account, or the client account will receive the more favorable price. If purchased or sold on different days, it is possible that the firm and/or employees' or members' personal transactions might be executed at more favorable prices than were obtained for clients. The firm and its associated persons may also invest in privately placed investment that it also recommends or invests on behalf of its clients. However, whenever investing in such privately placed investments the firm and its associates shall seek to do so *pari passu* or on the same terms as the firm's clients. When associated persons invest privately placed investments at different times than clients a conflict or a perceived conflict of interest may exist. Investments in privately placed investments by associated persons are reviewed and approved in accordance with the firm's Code of Ethics.

Item 12 Brokerage Practices

We do not recommend any particular brokerage or custodial services. However, we can work with Pershing Advisor Solutions LLC, Charles Schwab, and Interactive Brokers when our clients have chosen to select these custodians. Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere. Furthermore, Carapace will only engage in arrangements with custodians that are within the Section 28(e) safe harbor.

We seek to recommend a broker that will execute transactions on terms that are, overall, the most favorable compared to other available providers and their services. We consider various factors, including:

- Capability to buy and sell securities for your account itself or to facilitate such services.
- The likelihood that your trades will be executed.
- Overall quality of services.
- Competitiveness of price.
- Reputation, financial strength, and stability.
- Existing relationship with our firm and our other clients.

Research and Other Soft Dollar Benefits

We do not have any soft dollar arrangements.

Economic Benefits

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian.

Your Custody and Brokerage Costs

The custodian's commission rates applicable to our client accounts are negotiated with each custodian. In addition to commission rates and/or asset-based fees, the custodian charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your custodian account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we execute most trades for your account with the custodian broker dealer.

Adviser Services

The custodians we use provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to retail customers. The custodians also make available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. The support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us.

Services that Benefit You

Institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Services described in this paragraph generally benefit you and your account.

Services that May Not Directly Benefit You

Investment research, both the custodian's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at the custodian. In addition to investment research, custodians also make available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data; or facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only Us

Custodians also offer other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Custodians may provide some of these services themselves. In other cases, it will arrange for third-party vendors to provide the services to us. Custodians may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Custodians may also provide us with other benefits such as occasional business entertainment of our personnel.

Our Interest in Custodian's Services

The availability of these services from custodians benefits us because we do not have to produce or purchase them. These services may give us an incentive to recommend that you maintain your account with a particular custodian based on our interest in receiving the custodian's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of each custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of each custodian's services (based on the factors discussed above – see "The Custodian and Broker We Use"). We do not believe that maintaining our client's assets at any one custodian for services presents a material conflict of

interest.

Recommendation of Prime Brokers

In some circumstances, where a client has not previously made custodial arrangements, we may suggest that the client use a particular broker-dealer to act as custodian for the funds and securities we manage. In those cases, we generally only recommend broker-dealers capable of acting as a "prime broker." Under "prime broker" arrangements, the firm may, on a transaction-by-transaction basis, either use the "prime broker"/custodian or select other broker-dealers, who will execute transactions for settlement into the client's "prime brokerage" account.

In making suggestions as to "prime broker"/custodians, we will consider, among other things, the clearance and settlement capabilities of the broker-dealer where other broker-dealers execute transactions, the broker-dealer's ability to provide effective and efficient reporting to the client and our firm, the broker-dealer's reliability and financial stability, and the likelihood that the broker-dealer will often be chosen as executing broker-dealer on the basis of the considerations described above, including the prospects that the broker-dealer will provide valuable research services and products.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Directed Brokerage

We routinely require that you direct our firm to execute transactions through one of the custodians noted above. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

Aggregated Trades

We combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage. We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, participating accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment.

Non-Discretionary Account Trading

We are not always able to aggregate non-discretionary accounts with our discretionary accounts. We will aggregate non-discretionary account orders when time is available to obtain authorization before or after markets hours. We do not need to obtain authorization on a trade-by-trade basis for discretionary accounts. Thus, when we determine to trade a security, in order to achieve best execution, when appropriate we place discretionary orders without delay. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm we may not be able to buy and sell the same security at the same price or at the same time for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm. We call non-discretionary accounts on a rotational basis and enter trades concurrent with authorizations.

Item 13 Review of Accounts

Carapace will monitor accounts on an ongoing basis and will conduct reviews at least monthly, to ensure the advisory services provided are consistent with client investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

The individuals conducting reviews may vary from time to time, as personnel join or leave our firm.

We will not provide you with additional or regular written reports. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

Item 14 Client Referrals and Other Compensation

We directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate.

If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Carapace currently has a Business Development Agreement with Well Planned Companies and a Promotor Agreement in place with Lion's Street Financial. Additionally, Carapace has two IARs, (Independent Contractors), Michael Webster and William McCarthy who are compensated for obtaining clients to Carapace.

For Well Planned Companies, the compensation arrangement is a quarterly fixed fee for consulting and introducing Carapace to prospective institutional clients. For Lion's Street Financial, the compensation arrangement is based on the percentage of the market value of the assets under management. The compensation arrangement for Mr. Webster and Mr. McCarthy is a percentage of Assets Under Management.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our Solicitors disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

Item 15 Custody

Individually Managed Accounts

Carapace is deemed to have custody of client funds and securities because the Firm is given the

ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period.

Pooled Investment Vehicles

We serve as the Manager of Carapace Funds, a Delaware multi-series LLC (the "Fund"). The Funds are offered to certain sophisticated investors, who meet certain requirements under applicable state and/or federal securities laws. Investors or their duly authorized appointee, to whom the Funds are offered, shall receive a private placement offering document. You should refer to the offering documents for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in the Funds. Persons affiliated with our firm may have made an investment in the Funds and may have an incentive to recommend the Funds over other investments.

In our capacity as the Manager of the private funds, we will have access to the private funds' funds and securities, and therefore have custody over such funds and securities. We provide each investor or their authorized appointee in the private fund with audited annual financial statements. If you are a private fund investor and have questions regarding the financial statements or if you did not receive a copy, contact us directly at the telephone number on the cover page of this brochure.

Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must either first sign our discretionary management agreement and the appropriate trading authorization forms or we shall be retained by your advisor to serve as a sub-advisor.

You may grant the primary manager, for whom Carapace is acting as sub-advisor, discretion over the selection and amount of securities to be purchased or sold for your account(s), the broker or dealer to be used for each transaction, and over the commission rates to be paid without obtaining your consent or approval prior to each transaction. We do not permit clients to impose any restrictions on a grant of discretionary authority. Refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

Item 17 Voting Client Securities

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

Item 18 Financial Information

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not require the prepayment of more than \$500 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

We have not filed a bankruptcy petition at any time in the past ten years.

Item 19 Requirements for State-Registered Advisers

Refer to the Part 2B(s) for background information about our principal executive officers, management personnel and those giving advice on behalf of our firm.

Our firm is not actively engaged in any business other than giving investment advice that is not already disclosed above.

Neither our firm, nor any of our management persons have any reportable arbitration claims, civil, self-regulatory organization proceedings, or administrative proceedings.

Neither our firm, nor any of our management persons have a material relationship or arrangement with any issuer of securities.

Our firm maintains a written business continuity plan to ensure that we may continue to meet our fiduciary obligations to you in the event of an emergency or significant business disruption.

Neither our firm, nor any of our management persons charge performance-based fees.

Item 20 Additional Information

Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We may disclose your non-public personal information to non-affiliated third parties. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis.

If you decide to close your account(s) we will adhere to our privacy policies, which may be amended from time to time.

If we make any substantive changes in our privacy policy that would further permit or require disclosures of your private information, we will provide written notice to you. Where the change is based on permitted disclosures, you will be given an opportunity to direct us as to whether such disclosure is acceptable. Where the change is based on required disclosures, you will only receive written notice of the change. You may not opt out of the required disclosures.

If you have questions about our privacy policies contact our main office at the telephone number on the cover page of this brochure and ask to speak to the Chief Compliance Officer.

Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

CA Requirements

All material conflicts of interest under CCR Section 260.238 (k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice."

While the firm endeavors at all times to offer clients its specialized services at reasonable costs, the fees charged by other advisers for comparable services may be lower than the fees charged by Carapace Financial Advisors.

MA Requirements

Carapace Financial Advisors LLC is forbidden to share any information, which qualifies as private, unless the investor specifically agrees thereto, or "opts in".

Massachusetts Residents - Pursuant to 950 CMR12.205 (8)(d), the disciplinary history, if any, of all investment advisors and their representatives may be obtained by calling The Massachusetts Securities Division at (617) 727-3548.

APPENDIX A



Table of Fees for Services

Carapace Financial Advisors LLC (the "Advisor") provides this Table of Fees for Services as a supplemental disclosure to its Form ADV Part 2A ("Disclosure Brochure"). Items 4 and 5 of the Disclosure Brochure contain important details about the Advisor's services and fees. Fees are negotiable at the sole discretion of the Advisor. The fees below will only apply to you when you request the services listed.

Fees Charged by Advisor	Fee Amount	Frequency Fee is Charged	Services
A percentage of assets under management	0.40% - 2.00% *	Quarterly in advance	Customized options-based strategies, portfolio management and private fund management
Subscription fees	n/a	n/a	n/a
Fixed fees	\$500.00 per hour **	At the time of service	Investment Advisory
Commissions	n/a	n/a	n/a
Performance-based fees	n/a	n/a	n/a
Other:	n/a	n/a	n/a
Fees Charged by Third Parties	Fee Amount	Frequency Fee is Charged	Services
Independent Manager Fees	Up to 0.50%	Quarterly in advance	Equity portfolio management
Robo-Advisor Fee	n/a	n/a	n/a

Please contact Carapace Financial for further information regarding investment management fees and costs.

Additional fees and costs to discuss with the Advisor

Additional Fees/Costs	Yes/No	Paid To
Securities Transaction Fees	Yes	Custodian
Commissions	Yes	Custodian
Custodian Fees	Yes	Custodian
Mark-ups	No	n/a
Mutual Fund/ETF Fees and Expenses	Yes	Fund management company

*This fee will be determined on a negotiated basis per client, based on the complexity of the strategy and each individual circumstance. (For example, a lower fee may be charged on a buy and hold strategy, while a higher asset-based fee may be charged for providing investment advice which may involve active trading or investments in options.

** Carapace may also charge a fixed fee of \$500.00 per hour, which will include the amount of time and services expected to be provided and agreed upon by a client on an individual basis.

Effective date: 1/23/2025

