

# **SharpeMachine, LLC**

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**October 26, 2020**

## **Form ADV Part 2A Brochure**

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

This brochure provides information about the qualifications and business practices of SharpeMachine, LLC. If you have any questions about the contents of this brochure, please contact us at +1 (773) 703 8127. 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 SharpeMachine, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Material Changes - Item 2**

The purpose of this page is to inform you of any material changes since the previous version of this brochure. This is the first version of our Form ADV Part 2A Brochure. As such, we have no changes to report. We review and update our brochure at least annually to make sure that it remains current.

If you would like to receive a complete copy of our current brochure free of charge at any time, please contact us at +1 (773) 703 8127, or at [hayk.grigoryan@sharpemachine.com](mailto:hayk.grigoryan@sharpemachine.com).

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#### **Advisory Business - Item 4**

SharpeMachine, LLC (hereinafter “SharpeMachine”) is a registered investment advisor based in Chicago, Illinois. We are a limited liability company, organized under the laws of the State of Illinois. We have been providing investment advisory services since 2020. Hayk Grigoryan, CFA, is the sole owner and Manager of SharpeMachine.

You may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, employee, and all individuals providing investment advice on behalf of our firm. Where required, such persons are properly registered as investment adviser representatives.

Our firm offers continuous discretionary portfolio management services. Discretionary portfolio management means we will make investment decisions and place buy or sell orders in your account without contacting you. These decisions are made based upon your stated investment objectives. You may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment advice is tailored to meet your needs and investment objectives. If you decide to hire our firm to manage your portfolio, we will meet with you to gather your financial information, discuss your goals, and help you decide how much risk you should take in your investments. The information we gather will help us implement an asset allocation strategy that will be specific to your goals.

SharpeMachine primarily uses equity securities in its portfolio management programs. However, we may use other types of investments, such as exchange traded funds, mutual funds, U.S. government securities, corporate debt securities, municipal securities, and options strategies, where deemed appropriate based on your individual circumstances.

We will monitor your portfolio’s performance on a continuous basis, and rebalance the portfolio whenever necessary, as changes occur in market conditions, your financial circumstances, or both.

#### **Wrap Fee Programs**

SharpeMachine is not the sponsor or manager of a wrap fee program.

#### **Assets Under Management**

As of October 1, 2020, we do not have any discretionary assets under management. We do not offer non-discretionary management services.

#### **Fees and Compensation - Item 5**

#### **Portfolio Management Fees**

SharpeMachine’s fees are based on the following negotiable fee schedule:

<b>Assets Under Management</b>	<b>Advisory Fee</b>
First \$100,000	1.59%
Next \$400,000	1.29%
Next \$500,000	0.89%
over \$1,000,000	0.49%

Fees are payable monthly in arrears, based on the average daily net liquidation value of client’s account during the preceding month as reported by client’s account custodian. The exact payment arrangement will be set forth in the

Investment Management Agreement signed by the firm and the client.

SharpeMachine will either invoice you directly for the payment of advisory fees or fee will be deducted directly from your account. We usually deduct advisory fees from a designated account to facilitate billing. If you choose to have SharpeMachine's fee deducted directly from your account, you must provide written authorization. The qualified custodian holding your funds and securities will send you an account statement at least quarterly. This statement will detail all account activity. Please review each statement for accuracy. SharpeMachine will also receive a copy of your account statements from the custodian.

Our annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses, which will be incurred by the client. However, we will not receive any portion of the commissions, fees, and costs. Please see Item 12 – Brokerage Practices for further information on brokerage and transaction costs.

At the inception of investment management services, the first month's fees will be calculated on a pro-rata basis. The Investment Management Agreement between SharpeMachine and the client will continue in effect until either party terminates the Investment Management Agreement in accordance with the terms of the Agreement. Because fees are payable in arrears, refunds are not applicable.

#### **Additional Fees and Expenses**

The fees SharpeMachine charges are negotiable based on the amount of assets under management and the complexity of the client's financial situation. The fees are charged as described above and are not based on a share of capital gains of the funds of any advisory client.

We do not represent, warrant, or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

In limited circumstances where a client account holds investment company products such as mutual funds or exchange traded funds, clients should note that the fees paid to SharpeMachine for investment advisory services are separate and distinct from the fees and expenses charged to shareholders by mutual funds or exchange traded funds. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge. You could invest in a mutual fund or exchange traded fund directly, without the services of SharpeMachine. In which case, you would not receive the services provided by SharpeMachine, which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition and objectives. Accordingly, you should review both the fees charged by the funds and the fees charged by SharpeMachine to fully understand the total amount of fees to be paid by you to evaluate the advisory services being provided.

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

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

#### Types of Clients - Item 7

We generally offer investment advisory services to individuals, trusts, estates, charitable organizations, corporations, and other business entities.

We require a minimum of \$110,000 to establish an advisory relationship. At our sole discretion, we may waive this requirement. This requirement can be met by combining two or more accounts owned by you or related household members.

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

Our primary investment philosophy is to obtain superior risk adjusted returns by diversifying into different equity risk factors, while simultaneously adjusting the dollar value exposures to manage portfolio volatility. We implement this philosophy by deploying a software based system that uses historical data and quantitative methods that we have identified using a set of historical input factors. These historical input factors help us calculate an aggregate score, and rank securities according to this aggregate score. This methodology is used with different market regimes with constraints on individual securities, sectors, and factor exposures in an attempt to make the portfolio more resistant to market shocks. The final risk management tool deployed by us is dynamic risk management, when the dollar value of the exposure is lowered in case of large shocks, in an effort to limit drawdowns. By default, portfolios are rebalanced on a monthly basis, but during heightened market volatility, rebalancing might be more frequent due to dynamic risk management.

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

**Long-Term Purchases:** Securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

**Short-Term Purchases:** Securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

**Trading:** Trading involves purchasing securities with the idea of selling them relatively quickly. We may use this strategy to take advantage of our predictions of brief price swings. A trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize, and could result in having a long-term investment in a security that was designed to be a short-term purchase, or the potential of a loss. We do not anticipate using a frequent trading strategy. However, in the event we recommend this strategy for a particular client, they should understand that higher rates of portfolio turnover would likely result in an increase in the account's broker-dealer costs. High portfolio turnover may also result in the realization of net capital gains, and any distributions derived from such gains may be ordinary income for federal tax purposes.

**Margin Transactions:** We may use a margin account offered by the custodian to borrow sufficient funds to purchase a security for your account. This typically happens if sufficient cash is not available in the account to purchase the security and it is not advantageous to sell other investments. The use of margin carries risks that you should understand. We do not expect to use significant amounts of margin or other leverage in our strategies. However, certain types of transactions may or must be executed through a "margin account" (e.g., short sales). In volatile markets, security prices can fall very quickly. If the net value of your account (less the amount you owe the broker-dealer/custodian) falls below a certain level, the broker-dealer will issue a "margin call" and you will be required to sell the security (and other positions) or add more cash to the account. You could lose more money than you originally invested. Additionally, you must pay interest on the margin balance you owe to the broker-dealer until it is repaid in full. The amount of margin interest will diminish your profits and in some cases could cause net losses in your account.

**Short Sales:** Short sales are securities transaction in which an investor sells securities that were borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price, but if the price of the shares increase, the potential losses are unlimited.

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

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

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

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

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

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

**Foreign Exchange Risk:** Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are

determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

**Risks Associated with Investing in Equities:** Investments in equities generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Risks Associated with Investing in Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

**Algorithmic Trading:** We rely on computer models, data inputs, and assumptions in generating recommendations. Statistical investing models, such as those used by us, rely on back-tested information, and, thus, may not operate as expected or intended when events having few or no historical antecedents occur, and, accordingly, may generate losses another manager could have been able to avoid. Likewise, use of algorithms may result in a recommendation of a portfolio that may be more aggressive or more conservative than necessary or incorrectly trigger or fail to initiate rebalancing. Changes to algorithmic code may materially affect a client's portfolio and may not have the desired affect over time with respect to the client's account.

**Technology Risk:** We depend heavily on information technology, telecommunication, and other operational systems. These systems may fail to operate properly or may become disabled because of events or circumstances beyond our control. In these events, it may be possible that access to our systems will be limited.

#### **Disciplinary Information - Item 9**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or of the integrity of our management. Neither SharpeMachine nor its management persons have a history of material legal or disciplinary events that are required to be reported in this section.

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

Our firm and our related persons conduct financial industry relationships on an independent and unaffiliated basis. This practice minimizes any material advisory business conflicts of interest with clients.

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

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

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



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

A copy of SharpeMachine's Code of Ethics is available upon request to Hayk Grigoryan at +1 (773) 703 8127, or at [hayk.grigoryan@sharpemachine.com](mailto:hayk.grigoryan@sharpemachine.com).

#### **Personal Trading Practices**

At times, SharpeMachine and/or its related persons may take positions in the same securities as clients, which may pose a conflict of interest with clients. SharpeMachine and its related persons will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades. We will not violate our fiduciary responsibilities to our clients. Front running (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (e.g., a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (e.g., a purchase or sale that is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price) would not be disclosed at the time of trading.

#### **Brokerage Practices - Item 12**

SharpeMachine does not maintain physical custody of your assets; although we are deemed to have constructive custody of your assets if you give us authority to withdraw advisory fees from your account. Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer, bank, or trust company.

We have an institutional custodial relationship with Interactive Brokers, LLC ("Interactive Brokers") and we will recommend Interactive Brokers as the broker dealer and custodian of your account. Interactive Brokers is an independent and unaffiliated SEC-registered broker-dealer and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). Interactive Brokers offers services, which include custody of securities, trade execution, clearance, and settlement of transactions. Our investment adviser representatives are not registered representatives of Interactive Brokers; and, they do not receive commissions or other compensation from recommending the brokerage or custodial services offered by Interactive Brokers.

We believe that Interactive Brokers provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Interactive Brokers, including the value of research provided, the company's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services Interactive Brokers provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

We may receive additional benefits from Interactive Brokers such as electronic delivery of client information, electronic trading platforms, institutional trading support, proprietary and/or third party research, continuing education, practice management advice, and other services provided by custodians for the benefit of investment advisors.

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

**Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers and custodians with which we have an institutional advisory arrangement. We do not receive other benefits from a broker-dealer in exchange for client referrals.

**Directed Brokerage**

The client may direct brokerage to a specified broker-dealer other than the firm recommended by SharpeMachine. It is up to the client to negotiate the commission rate, as SharpeMachine will not. The client may not be able to negotiate the most competitive rate. As a result, the client may pay more than the rate available through the broker-dealer used by SharpeMachine. In client directed brokerage arrangements, the client may not be able to participate in aggregated ("blocked") trades, which may help reduce the cost of execution. Where the client does not otherwise designate a broker-dealer, SharpeMachine recommends a broker-dealer with competitive commission rates.

**Trade Aggregation**

While individual client advice is provided to each account, client trades may be executed as a block trade. SharpeMachine encourages its existing and new clients to use Interactive Brokers. Typically, only accounts in the custody of Interactive Brokers would have the opportunity to participate in aggregated securities transactions. When appropriate, trades using Interactive Brokers will be aggregated and done in the name SharpeMachine. The executing broker will be informed that the trades are for the account of SharpeMachine's clients and not for SharpeMachine itself. No advisory account within the block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price and receive the same commission rate. On average, the aggregation should reduce slightly the costs of execution. SharpeMachine will not aggregate a client's order if in a particular instance SharpeMachine believes that aggregation would cause the client's cost of execution to be increased. Interactive Brokers will be notified of the amount of each trade for each account. SharpeMachine and/or its related persons may participate in block trades with clients, and may also participate on a pro rata basis for partial fills, but only after the determination has been made that clients will receive fair and equitable treatment.

**Review of Accounts - Item 13****Portfolio Management Account Reviews**

The signals and weights of portfolio holdings are recalculated and rebalanced on a monthly basis. Additionally, our allocation strategy is monitored continuously for increased volatility. We conduct formal account reviews at least annually.

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

Clients will receive statements directly from their account custodian(s) on at least a quarterly basis. SharpeMachine also provides performance reports on an as needed basis.

#### Client Referrals and Other Compensation - Item 14

Please refer to Item 12 above, for more information about SharpeMachine's receipt of additional benefits from Interactive brokers.

Our related persons and we do not directly or indirectly compensate any person or entity who is not our supervised person for client referrals.

#### Custody - Item 15

SharpeMachine is deemed to have custody of client funds or securities because of the fee deduction authority granted by the client in the investment advisory agreement. We maintain safeguards in accordance with regulatory requirements regarding custody of client assets.

The custodian will not verify the calculation of the advisory fees. You will receive account statements at least quarterly from the broker-dealer or other qualified custodian. You are urged to review custodial account statements for accuracy.

#### Investment Discretion - Item 16

SharpeMachine offers Portfolio Management Services on a discretionary basis. Clients must grant discretionary authority in the management agreement. Discretionary authority extends to the types and amounts of securities to be bought and sold in client accounts. Apart from the ability to withdraw management fees, SharpeMachine does not have the ability to withdraw funds or securities from the client's account. The client provides SharpeMachine discretionary authority via a limited power of attorney in the management agreement and in the contract between the client and the custodian.

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

#### Voting Client Securities - Item 17

SharpeMachine will not vote proxies on behalf of client accounts. Although, at the client's request, SharpeMachine may offer clients advice regarding corporate actions and the exercise of proxy voting rights and/or materials. Questions about proxies may be made via the contact information on the cover page.

#### Financial Information - Item 18

We are required in this Item to provide you with certain financial information or disclosures about

SharpeMachine's financial condition. SharpeMachine does not require the prepayment of over \$500, six or more months in advance. Additionally, SharpeMachine has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and it has not been the subject of a bankruptcy proceeding.

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

##### **Principal Executive Officers and Management Persons**

Hayk Grigoryan is our firm's sole Principal Executive Officer. Please refer to Item 2 of Mr. Grigoryan's Form ADV Part 2B supplement below for information about his education and business background.

##### **Outside Business Activities**

Mr. Grigoryan is not involved in any other financial industry activities and does not have any financial industry affiliations.

##### **Performance Based Fees**

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

##### **Disciplinary Information**

Mr. Grigoryan has no reportable disciplinary history.

##### **Other Relationships or Arrangements With Issuers of Securities**

Our firm and our related persons do not have any relationships or arrangements with any issuer of securities.

#### SharpeMachine, LLC Privacy Notice

This notice is being provided to you in accordance with the Securities and Exchange Commission's rule regarding the privacy of consumer financial information ("Regulation S-P"). Please take the time to read and understand the privacy policies and procedures that we have implemented to safeguard your nonpublic personal information.

##### **Information We Collect**

SharpeMachine, LLC must collect certain personally identifiable financial information about its customers to provide financial services and products. The personally identifiable financial information that we gather during the normal course of doing business with you may include:

- information we receive from you on applications or other forms;
- information about your transactions with us, our affiliates, or others;
- information we receive from a consumer reporting agency.

##### **Information We Disclose**

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted or required by law, or as necessary to provide services to you. In accordance with Section 248.13 of Regulation S-P, we may disclose all of the information we collect, as described above, to certain nonaffiliated third parties such as our attorneys, accountants, auditors and persons or entities that are assessing our compliance with industry standards. We enter into contractual agreements with all nonaffiliated third parties that prohibit such third parties from disclosing or using the information other than to carry out the purposes for which we disclose the information.

**Confidentiality and Security**

We restrict access to nonpublic personal information about you to those Employees who need to know that information to provide financial products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

**Accuracy**

SharpeMachine, LLC strives to maintain accurate personal information in our client files at all times. However, as personal situations, facts and data change over time; we encourage our clients to provide feedback and updated information to help us meet our goals.

**Hayk Grigoryan, CFA**  
**Manager/Founder/Investment Adviser Representative**

**SharpeMachine, LLC**

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**October 26, 2020**

**Form ADV Part 2B Brochure Supplement**

This Brochure Supplement provides information about Hayk Grigoryan that supplements SharpeMachine, LLC Brochure. You should have received a copy of that Brochure. Please contact us at +1 (773) 703 8127 if you did not receive SharpeMachine, LLC's Brochure or if you have any questions about the contents of this supplement.

Additional information about Hayk Grigoryan is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Mr. Grigoryan's CRD number is 7305314.

## Educational Background and Business Experience - Item 2

### **Principal Executive Officers and Management Persons**

#### **Hayk Grigoryan, CFA**

Year of Birth: 1986

#### **Formal Education:**

- Norwegian School of Economics, Bergen, Norway, MSc in Economics and Business Administration, Aug 2012 – Dec 2013; Major: Energy and Natural Resource Management
- American University of Armenia, Yerevan, Armenia, Master in Business Administration, Feb 2008 – Oct 2009, Major: Finance
- Yerevan State University, Yerevan, Armenia, Master of Mathematics (Diploma Work: Non-linear Interest Rate Parity), Sep 2007 – May 2009, Bachelor of Mathematics (Black-Scholes Model and Martingale Theory: Option Valuation) Sep 2003 – May 2007.

#### **Business Background:**

- Manager/Founder, SharpeMachine, LLC, 10/2020 to Present.
- Data Scientist, Arity/Allstate Company, 09/2018 to Present.
- Market Risk Analyst, Magnetar Capital, 07/2017 to 09/2018.
- Quantitative Analyst/ Quantitative Analytics Product Specialist, Thomson Reuters, 04/2016 to 07/2017.

#### **Professional Designations:**

##### Chartered Financial Analyst®

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals.

There are currently more than 154,000 CFA charterholders working in over 165 countries and regions. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

##### *High Ethical Standards*

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

##### *Global Recognition*

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in over 30 countries and territories recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

*Comprehensive and Current Knowledge*

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession. To learn more about the CFA charter, visit [www.cfainstitute.org](http://www.cfainstitute.org).

**Disciplinary Information - Item 3**

Mr. Grigoryan has no reportable disciplinary history.

**Other Business Activities - Item 4**

Mr. Grigoryan is employed as a full time Data Scientist at Arity, an Allstate Company. This is a non-investment advisory activity and does not create a conflict of interest. However, clients should note that this activity takes up the majority of Mr. Grigoryan's time during trading hours.

**Additional Compensation – Item 5**

Mr. Grigoryan does not receive additional compensation or economic benefits from third party sources in connection to his advisory activities.

**Supervision - Item 6**

Mr. Grigoryan is an investment adviser representative of SharpeMachine. In this role, Mr. Grigoryan is responsible for the monitoring of client portfolios for investment objectives and other supervisory reviews. Mr. Grigoryan is also the Chief Compliance Officer of SharpeMachine. In this capacity, Mr. Grigoryan is responsible for the implementation of the firm's compliance program.

SharpeMachine has implemented a Code of Ethics and an internal compliance program that guides each Associated Person in meeting their fiduciary obligations to clients. Mr. Grigoryan adheres to SharpeMachine's code of ethics and compliance manual as mandated.

Additionally, SharpeMachine is subject to regulatory oversight by various agencies. These agencies require registration by SharpeMachine and its employees. As a registered entity, SharpeMachine is subject to examinations by regulators, which may be announced or unannounced. SharpeMachine is required to periodically update the information provided to these agencies and to provide various reports regarding firm business and



assets under management.

**Requirements for State-Registered Advisers - Item 7**

**Disciplinary Information**

Mr. Grigoryan has not been involved in any reportable disciplinary events.

**Bankruptcy Petition**

Mr. Grigoryan has not been subject to a bankruptcy petition.