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February 13, 2023

Item 1: Firm Brochure (Form ADV Part 2A)

This brochure provides information about the qualifications and business practices of ATALA FINANCIAL INC. If you have any questions about the contents of this brochure, please contact us at the phone number listed above. 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. Registration (e.g. "registered investment advisor") does not imply a certain level of skill or training.

Additional information about ATALA FINANCIAL INC. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Pursuant to State and SEC rules, ATALA FINANCIAL INC. will ensure that clients receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after the Firm's fiscal year end, December 31. This means that if there were any material changes over the past year, clients will receive a summary of those changes no later than April 30. At that time, ATALA FINANCIAL INC. will also offer a copy of its most current disclosure brochure and may also provide other ongoing disclosure information about material changes as necessary. If there are no material changes over the past year, no notices will be sent.

Clients and prospective clients can always receive the most current disclosure brochure for ATALA FINANCIAL INC. at any time by contacting their investment advisor representative.

This is a new brochure as of February 13, 2023.

- Item 4 has been updated to reflect current assets under management.
- Item 12 has been updated to accurately reflect ATALA's recommendation of qualified custodians.

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Item 4 Advisory Business

FIRM DESCRIPTION

ATALA FINANCIAL INC. ("ATALA" or the "Firm") is a SEC registered investment advisor. ATALA was founded March 3, 2021.

The Principal Owner and Chief Compliance Officer of ATALA is Shawn Shyama Patt.

TYPES OF ADVISORY SERVICES

The Firm offers a large variety of services, including portfolio management, investment analysis and financial planning for individuals and high net worth individuals. The Firm offers these services to clients or potential clients ("clients").

INVESTMENT ADVISORY SERVICES

Our firm offers continuous and ongoing investment management services. Our advice and services are tailored to meet our client's individual needs, life circumstances and investment goals. We conduct at least one, but sometimes more than one meeting (in person, telephone or video conference, or via email) with clients in order to understand their current financial situation, existing resources, financial goals, investment objectives, risk tolerance, time horizons and liquidity needs.

Clients have the ability to impose reasonable restrictions and guidelines on investing in certain securities, types of securities or industry sectors. We expect all such restrictions to be timely communicated to us. Client restrictions and guidelines could negatively affect investment performance.

Clients must inform us of any changes to their financial circumstances, investment objectives or risk tolerance, or of any modifications or restrictions that are imposed on the management of the client's account. In this manner, our firm can better serve clients' needs.

Account management and supervision is guided by the client and market conditions. We generally manage clients' investment accounts on a discretionary basis but offer non-discretionary services as well on a case-by-case basis. We will monitor the portfolio's performance on an ongoing and continuous basis, unless otherwise agreed, and will make adjustments and reallocations as necessary due to changes in market conditions and the client's circumstances, as communicated to us.

For our discretionary asset management services, we will receive a limited power of attorney to effect securities transactions on behalf of a client. You retain the ability to limit our discretionary authority by providing us with a written communication that details restrictions and other guidelines. Unless otherwise agreed to by the client and the firm, if we manage your account on a non-discretionary basis, we will have the ongoing responsibility to make investment recommendations based on your individualized investment strategy or we will develop and implement an asset allocation strategy, which we will continuously monitor and supervise. However, unlike discretionary accounts, we would first be required to obtain your approval before executing transactions. Requests for approval will be communicated via electronic mail to an authorized account or via a telephone call to an authorized phone number. The client will be responsible for responding in a timely manner.

Our services encompass asset management designed to assist clients in meeting their financial goals using financial investments. We explore different types of investment options and strategies in the design of a client's circumstances. Our investment recommendations are not limited by any specific product or service offered by a broker-dealer or custodian. Most commonly, these recommendations will generally include:

- Exchange listed securities, and securities traded over the counter
- Mutual funds
- Exchange-traded fund shares
- Options
- Separate accounts; and
- Money market funds and other cash instruments

Less commonly, we will also provide advice regarding the following security types:

- Closed end fund shares
- Certificates of deposit
- Corporate debt securities
- Municipal securities
- U.S. governmental securities

Private fund and Private Placements

Each type of security has its own unique set of risks associated with it, and it would not be possible to list all the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Because some types of investments involve certain additional degrees of risk, they will only be recommended and implemented when consistent with the client's risk tolerance, investment objectives, and where the investment is determined to be suitable.

PLANNING AND CONSULTING SERVICES

Our firm also provides consulting services, including financial planning and business consulting. Depending on your particular circumstance, such services could include a comprehensive evaluation of your financial situation by using currently known facts and variables, or it might focus on a few items of particular importance to you. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's current situation, financial goals and objectives. For financial consulting clients, we will usually not provide a written summary of our observations and recommendations, as the process is a less formal engagement. Regardless of the nature of the service, the implementation of all recommendations will be at the client's discretion.

A financial plan or financial consultation will address one or more of the following areas:

- Financial Position: Understanding of a client's current financial situation. Sources of evaluation include income, expenses, assets, liabilities, etc.

- Investment Planning: Determining the most suitable way to structure investments to meet financial goals, and determine the appropriate account type (e.g., joint tenants, IRA, Roth IRA, etc.)
- Personal Tax Planning: Evaluating the current tax situation to help minimize a client's taxes and find more profitable ways to use the extra income generated.
- Retirement Planning: Assessing retirement needs to help a client determine how much to accumulate, as well as distribution strategies designed to create a source of income during retirement years.
- Credit Planning: Evaluating a client's credit needs.
- Insurance Planning and Risk Management: Evaluating the client's insurance needs and reviewing insurance policies and the like.
- Estate Planning: Reviewing the client's cash needs at death, income needs of surviving dependents and estate planning goals.
- Education Planning: Reviewing the educational needs for the client and his/her family, along with planning for educational expenses.
- Charitable Planning: Providing provide strategic charitable giving plans for clients and researching and evaluating charitable entities and private foundations.
- Mortgage/Debt Analysis: Analyzing client's current mortgage debt, home equity, and financing alternatives. • Review of Employee Benefit Plans: Reviewing the client's investment options, allocation models and historical performance of client assets held through employee benefit plans.
- Business Consulting: We offer consulting and advisory services for business owners and entrepreneurs. Services can include advice on business structure, cash flow analysis, projections, growth & strategic planning, employee benefits, risk analysis, and advice pertaining to loans pursuant to operations and payroll.

We gather information through interviews and review of documents provided by the client, including questionnaires. Information gathered includes the client's current financial status, future goals, investment objectives, risk tolerance and family circumstances.

Typical financial planning or financial consultation services include one or more of each of the service components. A financial plan could require the services of a specialist such as an insurance specialist, attorney or tax accountant. We will recommend third-party service providers if we feel it is appropriate and in your best interest, but the client is under no obligation to use any service provider recommended by us. Likewise, the client is under no obligation to act on our financial planning recommendations. We do not receive referral or other fees from third-party service providers.

Financial plans and consultations are based on the client's financial situation at the time we present the financial plan or consultation to the client, and on the information provided to us. The client must promptly notify us if his/her financial situation, goals, objectives or needs change. Certain assumptions are made with respect to interest rates, inflation rates, and use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. We do not offer any guarantees or promises that a client's financial goals will be met.

ATALA specializes in quantitative, fundamental, technical, and economic analysis to determine what investments are in favor of ATALA's investment models. ATALA assesses clients 'current holdings and ensures alignment with both short- and long-term goals. The Firm performs ongoing reviews of investment performance and portfolio exposure to market conditions. Accordingly, the Firm is authorized to perform various functions without further approval from the client, such as the determination of securities to be purchased or sold without prior permission from the client for each transaction. Any and all trades are made in the best interest of the client as part of ATALA's fiduciary duty. However, risk is inherent to any investing strategy and model. Therefore, ATALA does not guarantee any results or returns.

Prior to engaging ATALA to provide any investment advisory services, ATALA requires a written financial service agreement ("FSA") signed by the client prior to the engagement of any services. The FSA will outline services to which the client is entitled and fees the client will incur.

ATALA is an asset-based fee investment management firm. The firm does not receive commissions for purchasing or selling stocks, bonds, mutual funds, real estate investment trusts, or other commissioned products for clients. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted.

ATALA does not act as a custodian of client assets. The client always maintains asset control. ATALA places trades for clients under a limited power of attorney through qualified custodian/broker.

POTENTIAL CONFLICTS OF INTERESTS

Although we seek to avoid them, our firm has actual or potential conflicts of interest arising from our advisory services. These include, but are not limited to:

- Conflicts related to allocating time and resources between client accounts, allocation of brokerage commissions and investment opportunities generally. For further information on our brokerage and allocation policies, and related conflicts of interest, please refer to Item 12 below.
- Conflicts related to asset-based fees. At times our investment professionals will recommend that a client move assets form another investment account to one managed by our firm. This would result in a higher total advisory fee for that investment professional and generate revenue for the firm. There is therefore a conflict of interest whenever we encourage clients to move their assets to our firm. For further information, please refer to Item 5 which discusses the fees we earn when providing advisory services.
- Conflicts related to one or more of our investment advisor representatives also being licensed as an independent insurance agent through licensed insurance brokers. For further information, please refer to Item 10 below.
- Conflicts related to investing in securities recommended to clients and contemporaneous trading of securities (i.e., personal trading) by the firm and its related persons. Please refer to Item 11 for further information.
- Conflicts related to third parties. When appropriate, we will recommend third parties to advise a client on matters including but not limited to: legal, tax or accounting advice. These recommendations are sometimes made because of existing relationships our firm and its

employees have with these groups or individuals. We do not currently have any formal solicitor or referral arrangements.

Actual or potential conflicts of interest generally can be addressed in several ways, including prohibiting the conduct that gives to the conflict of interest, implementing procedures to prevent a person from gaining or utilizing knowledge that potentially give rise to a conflict; establishing parameters for conduct that are designed to protect client interests or limit the benefit that creates the conflict of interest, or disclosing the conflict of interest to our clients.

Our firm has adopted a Code of Ethics. (Please refer to Item 11 below for further information on our Code of Ethics) and we also have policies and procedures in place to mitigate and address conflicts of interest. We believe that such policies and procedures are reasonably designed to treat clients equitably and to advance the best interests of the clients. The clients' best interest is paramount in any situation involving a conflict of interest.

SERVICES TAILORED TO CLIENTS' NEEDS

Services are provided based on a client's specific needs within the scope of the services provided as discussed above. A review of the information provided by the client regarding the client's current financial situation, goals, and risk tolerances will be performed and advice will be provided that is in line with available information.

Wrap Fee Program versus Portfolio Management Program

ATALA does not offer a Wrap Fee Program.

Assets Under Management

As of July 25, 2022, Adviser has the following assets under management:

Discretionary assets:	$173,055,642
Non-discretionary assets:	$0

Item 5 Fees and Compensation

In addition to the information provided in the Advisory Business section, this section provides details regarding Firm services along with descriptions of each service's fees and compensation arrangements.

ADVISORY SERVICES COMPENSATION DESCRIPTION

INVESTMENT MANAGEMENT SERVICES

Depending upon the type of advisory service to be provided, clients generally have a choice regarding the manner in which fees will be calculated for such services. Options for calculating fees include the following:

- Percentage of Assets under Management: Clients will be charged as a percentage of assets under management with us, according to the schedule set forth in the client management

agreement between us and the client. The fee schedule will vary depending on the type of investment strategy, but the annual fee will not exceed two percent (2%); or
- Flat Quarterly or Annual Fees: Clients will be charged at an agreed upon flat annual fee, paid quarterly, or flat quarterly fee depending on the scope and complexity of the client’s needs.

The annual fee being charged to the client will be set forth and identified in the investment management service agreement and/or the most recent fee schedule between our firm and that client. We retain the ability to negotiate other fee schedules depending on the size of the account, type of account, the level of client service required and other factors we consider relevant, including timing of client relationship.

For the fee charged as a percentage of assets under management, fees are charged quarterly in advance based on the market value of the client's account(s), as determined by the custodian, on the last business day of the quarter. Cash and assets which are invested in shares of mutual funds, exchange-traded funds, annuities we manage, individual securities, collective trusts, unit investment trusts and/or closed-end funds shall be included in the calculation of the value of the client's assets under management with us for purposes of computing our fee.

For partial quarters, fees are pro-rated. All unearned fees will be refunded to the client in the event the client terminates our services. Unless other arrangements are made, fees are directly debited from a client's account(s), and each client is required to provide the qualified custodian of the client's account(s) written authorization to deduct the fees described.

The custodian sends the client a statement, at least quarterly, indicating the amount of our fees and all amounts disbursed from the account to our firm for our management fees. We have internal controls that seek to verify that the custodian is withdrawing fees accurately in accordance with your agreement, however, we strongly encourage clients independently verify the accuracy of the fee calculation, as the custodian will not verify the calculation. If a client does not have sufficient cash in the account(s) to cover the payment of fees, some or all of the securities held by the client will be liquidated in order to pay the fees.

The custodian is responsible for sending the client account statements, clients will not receive an account statement or a fee invoice from us. Asset-based fees are always subject to the management agreement between the client and our firm, and we generally retain the right to amend our fee schedule with 30 days prior written notice to the client.

PLANNING AND CONSULTING SERVICES

For clients who retain our firm for its investment management services, there is generally no charge for standard financial planning or consulting services. Other clients who retain the firm solely for financial planning or financial consultation, or whose financial planning or financial consultation is complex in nature, will require a separate agreement and be charged fees based on the nature of the services being provided, who is providing the services and the complexity of the client's circumstances. Fees generally do not exceed $2,000 per hour. Financial planning fees are generally calculated and charged on a flat fee basis based upon the expected amount of work under the engagement. If a client terminates financial planning and consulting services after we have begun the work but before completion, we will charge a termination fee equal to the hours then spent on your services at a rate outlined in the client's agreement executed prior to our financial professional commencing planning. Financial planning fees and the termination fee are negotiable. We will reduce or waive the financial planning fees and/or termination fee in certain circumstances.

We provide you with an exact fee quote before you authorize us to begin our work. The specific fee being charged to the client will be set forth and identified in an agreement between us and each client. We will withdraw financial planning fees from a client's bank account only with the prior consent of the client.

Although the length of time it will take to provide a financial plan or financial consultation depends on each client's personal situation, we will provide a timing estimate at the start of the planning relationship. For those who will be charged for financial planning or financial consultation, we will invoice the client for the services, and the fees will generally be due and payable upon delivery of the completed financial plan to the client or completion of the services, as applicable.

Your financial professional will update your financial plan upon request or when your objectives or financial situation change. If a financial plan is updated, the fee will be dependent on the nature of the update. Again, this fee will be set forth and identified in an agreement between yourself and the firm.

In some circumstances, the financial plan could require the services of a specialist such as an insurance specialist, attorney or tax accountant since we do not provide any legal, or accounting advice. Our firm will recommend third-party service providers when we feel it is appropriate and, in the client's, best interest, but the client is under no obligation to use any service provider recommended by our firm. Fees for specialists will be negotiated between the client and specialist directly under a separate engagement.

GENERAL INFORMATION

An investment management services agreement can generally be terminated at any time, by the firm or the client, for any reason upon prior written notice. The timing is specified in the client management agreement between the firm and the client. In addition, if a client receives this Brochure at the time the client enters into the investment management agreement, the client has the right to terminate the agreement within 5 (five) business days after entering into it by giving written notice of such termination to the firm.
Our firm will not typically take custody or possession of client funds or securities at any time except to the extent that we typically deduct fees directly from the client's account(s) when providing discretionary investment management services.

All fees paid to the investment adviser are separate and distinct from fees and expenses charged by any mutual fund, exchange-traded funds and closed-end funds. Fund fees are described in the respective fund's prospectus. These fees will generally include management fees, various expenses and a possible distribution fee. The client should review all fees being charged on its investments and those charged by ATALA to fully understand the total amount of fees to be paid by the client and to evaluate the advisory services being provided.

First Clearing clients are not generally charged transaction fees although clients can expect to incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, trade execution fees, deferred sales charges, odd-lot differentials, transfer taxes, and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. These fees are specified in more detail in the custodial agreement that clients enter into with each custodian directly. Please refer to Item 12 (Brokerage Practices) in this Brochure for additional information.

Our firm and our professionals owe a fiduciary duty to all our clients. We also serve as a fiduciary to advisory clients that are employee benefit plans (such as profit-sharing plans or pension plans) or individual retirement accounts (collectively, our "retirement clients") (IRAs) pursuant to ERISA or the Internal Revenue Code ("IRC"). When acting as a fiduciary to these plans, we are subject to specific duties and obligations under ERISA and the IRC that include among other things, restrictions concerning certain forms of conflicted compensation. To avoid engaging in prohibited transactions, the firm only charges fees for investment advice (i) about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or (ii) about products for which our firm and/or our related persons receive commissions or 12b-1 fees if such commission and fees are used to offset advisory fees.

Clients should be aware that similar advisory services could be available from other investment advisors for similar or lower fees.

Certain of our firm's supervised personnel are registered representatives of unaffiliated third-party broker-dealers and have the capacity to sell securities through such broker-dealers. In addition, a number of our personnel are licensed insurance agents of unaffiliated third-party insurance companies or agencies and sell insurance products through these affiliations. These products and services are separate and distinct from the investment advisory services offered through our firm. Clients should be aware that these securities products and insurance products pay a commission. All fees and commissions related to securities products or insurance products being sold by a financial advisor in his/her capacity as a registered representative or insurance agent will be disclosed to the client. In no event is any client obligated, contractually or otherwise, to use the services of any registered representative or insurance agent acting in such capacity or to purchase products or services through said individual.

THIRD PARTY/ CUSTODIAN FEES

Custodians may charge transaction fees on purchases or sales of securities. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services per annum. These fees are in addition to the fees paid by a client to ATALA. This will reduce net investment returns on clients' portfolios. Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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

Our firm does not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees which are based on the share of capital gain or appreciation of a client's account.

Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged a performance-based fee. We do not charge performance-based fees, nor do we provide side-by-side management.

Item 7 Types of Clients

We offer our firm's services to individuals, high net worth individuals, corporations and other business entities, pension and profit-sharing plans, and estates and trusts.

MINIMUM ACCOUNT SIZE

In general, ATALA requires a minimum account size of $2,500,000 to open and maintain an advisory account. At our discretion, we retain the right to waive this minimum account size. For example, accounts of immediate family members typically have the minimum waived. We will generally agree to combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we will combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values will increase the asset total, which could result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule.

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

METHODS OF ANALYSIS

Our firm and our financial professionals will use one or more of the following methods of analyses or investment strategies when providing investment advice to clients, subject to the clients' investment objectives, risk tolerance, time horizons and stated guidelines:

- Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance, and we seek to create a portfolio using mean variance optimization to maximize potential return relative to portfolio risk. A risk of asset allocation is the potential the client will miss the opportunity to participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

- Mutual Fund, SMA and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or exchange traded fund (ETF) in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager having success in the past does not indicate that they will have success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager will deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

- Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it is a good time to buy) or overpriced (indicating it is time to sell). We look at historical and present financial statements of the company, annual reports, governmental filings and business activities. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Individualized analysis of underlying documentation can vary.

- Quantitative Analysis. We use mathematical models and statistical modeling in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings-per-share and predict changes to that data, where appropriate. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect. Quantitative analysis does not necessarily factor in all variables.

- Qualitative Analysis. When appropriate, we will subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement and predict changes to share price based on that data. A risk is using qualitative analysis is that our subjective judgment may prove incorrect.

Our analysis methods rely on the assumption that the investment vehicles which we recommend for our clients, the companies whose securities we purchase and sell on behalf of our clients, the rating agencies that review these securities, and other publicly or privately available sources of information about these securities, are providing accurate, timely and unbiased data. While we are always looking for indications of inaccuracy in the data we use, there is always a risk that our analysis could be compromised by inaccurate, misleading or untimely information. This is an ongoing risk and could impact all the strategies discussed below.

INVESTMENT STRATEGIES

Clients participating in the ATALA managed account program will generally be placed in a custom portfolio specifically tailored for the individual client(s) taking into account their particular needs, time horizon, risk tolerance, or investment objectives. This type of portfolio utilizes stocks, mutual funds, ETFs, options, individual bonds, and other securities, as appropriate. Investment strategies and advice will vary depending upon each client's specific financial situation. We manage households and accounts on a goals-based approach so not every account is diversified. Certain accounts will potentially be more heavily weighted in one sector versus another account in order to diversify the household as a whole or to take advantage of certain tax advantages in having particular types of investments in certain types of accounts. As such, we determine investments and allocations based upon the client's predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. The restrictions and guidelines set by the client will also affect the composition of the portfolio and clients with high-risk tolerances may overweighted in a more concentrated manner in stock and/or options.

RISK OF LOSS

Investing involves a risk of loss. Clients should be prepared to bear investment loss, including the loss of the original principal. Clients should never presume that future performance of any specific investment or investment strategy will be profitable. Further, there are varying degrees of risk depending on different types of investments. Clients should know that all investments carry a certain degree of risk ranging from the variability of market values to the possibility of permanent loss of capital. Although portfolios seek principal protection, asset allocation and investment decisions are not guaranteed to achieve this goal in all cases. There is no guarantee a portfolio will meet a target return or an investment objective.

Risks to capital include, but are not be limited to, changes in the economy, market volatility, company results, industry sectors, accounting standards and changes in interest rates. Investments are generally subject to risks inherent in governmental actions, exchange rates, inflation, deflation, and fiscal and monetary policies. Market risks include changes in market sentiment in general and styles of investing. Diversification will not protect an investor from these risks and fluctuations.

Additional risks include:

Active Trading Risk: A higher portfolio turnover due to active and frequent trading will result in higher transactional and brokerage costs. Active trading of securities may also increase ATALA strategies' realized capital gains or losses, which may affect the taxes you pay.

Market risk: Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. Stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change.

Common stock (or its equivalent) is generally exposed to greater risk than preferred stocks and debt obligations of an issuer.

Company risk: There is always a certain level of company or industry specific risk that is inherent in each investment. Although this risk can be reduced through appropriate diversification, it cannot be eliminated. There is the risk that the issuer will perform poorly or have its value reduced based on factors specific to the issuer or its industry. If the issuer experiences credit issues or defaults on debt, the value of the issuer could be reduced.

Cyber Security Risk: As the use of technology has become more prevalent in the course of business, the firm has become more susceptible to operational, financial and information security risks resulting from cyber-attacks and/or technological malfunctions. Cyber-attacks include, among other things, the attempted theft, loss, misuse, improper release, corruption or destruction of, or unauthorized access to, confidential or highly restricted data relating to the firm; and attempted compromises or failures to systems, networks, devices and applications relating to the operations of ATALA and its service providers. Cyber security breaches may result from unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) or from outside attacks, such as denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users).

Derivatives Risk: The use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. These risks include (i) the risk that the counterparty to a derivative transaction may not fulfill its contractual obligations; (ii) risk of mispricing or improper valuation; and (iii) the risk that changes in the value of the derivative may not correlate perfectly with the underlying reference asset. Derivatives can also create leverage risk because they do not require payment up front equal to the economic exposure created by holding a position in the derivative. As a result, an adverse change in the value of the underlying asset could result in the client sustaining a loss that is substantially greater than the amount invested in the derivative or the anticipated value of the underlying asset, which may make account returns more volatile and increase the risk of loss. Derivative instruments may be less liquid than more traditional investments and we may be unable to sell or close out its derivative positions at a desirable time or price. This risk may be more acute under adverse market conditions, during which clients may be most in need of liquidating its derivative positions. Derivatives may also be less tax efficient and subject to changing government regulation that could impact the firm's ability to use certain derivatives or their cost. When a derivative is used for hedging, the change in value of the derivative may also not correlate specifically with the risk of the underlying asset being hedged. Derivative prices are highly volatile and may fluctuate substantially during a short period of time. Such prices are influenced by numerous factors that affect the markets, including, but not limited to changing supply and demand relationships; government programs and policies; national and international political and economic 15 events, changes in interest rates, inflation and deflation and changes in supply and demand relationships. Derivatives strategies may not always be successful, and their successful use will depend on the portfolio managers' ability to accurately forecast movements in the market relating to the underlying asset. Trading derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities including:

- Call Option Risk: There are risks associated with the sale and purchase of call options. As the seller (writer) of a covered call option, clients assume the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received and gives up the opportunity for gain on the underlying security above the exercise option price. Clients continue to bear the risk that it will lose money if the value of the security falls below the strike price. Option premiums are treated as short-term capital gains and when distributed to investors are usually taxable as ordinary income, which may have a higher tax rate than long-term capital gains in a taxable account. As the buyer of a call option, clients assume the risk that the market price of the underlying security will not increase above the strike price plus the premiums paid, so the clients bear the risk that it will lose the premium paid for the option.

- Hedging Risk: While hedging can reduce losses, it can also reduce or eliminate gains or cause losses if the market moves in a manner adverse to the portfolio construction employed by ATALA if the cost of the derivative outweighs the benefit of the hedge. Hedging also involves the risk that changes in the value of the derivative will not match those of the holdings being hedged as expected by ATALA, in which case any losses on the holdings being hedged may not be reduced and may be increased. There can be no assurance that ATALA's hedging strategy will reduce risk or that hedging transactions will be either available or cost effective. ATALA is not required to use hedging and may choose not to do so.
- Options Risk: We may invest in options. When we purchase an option on a security or index it may lose the entire premium paid if the underlying security or index does not increase in value. Clients are also exposed to default by the option writer who may be unwilling or unable to perform its contractual obligations to clients. Additionally, the underlying security or index on which the option is based may have imperfect correlation to the value of your portfolio investments. Each clients' losses are potentially large in a written put transaction and potentially unlimited in a written call transaction.
- Options Market Risk: Markets for options and options on futures may not always operate on a fair and orderly basis. At times, prices for options and options on futures may not represent fair market value and prices may be subject to manipulation, which may be extreme under some circumstances. The dysfunction and manipulation of volatility and options markets may make it difficult for ATALA to effectively implement its investment strategy and achieve its objectives and could potentially lead to significant losses.
- Put Option Risk: As the buyer of a put option, clients participating in ATALA strategies risks losing the entire premium invested in the option if the underlying security or index does not fall below the strike price, which means the option will expire worthless. Additionally, purchased options may decline in value due to changes in price of the underlying security or index, passage of time and changes in volatility. As a seller (writer) of a put option, clients will lose money if the value of the underlying reference instrument falls below the strike price.

Exchange traded fund and mutual fund risk: The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will incur additional costs associated with ETFs and mutual funds (see Item 5).

Management risk: Investments managed by us vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities.

Foreign investments risks: Non-U.S. investments, currency and commodity investments contain additional risks associated with government, economic, political or currency volatility.

Emerging markets risks: Emerging markets can experience high volatility and risk in the short term.

Liquidity risks: Generally, assets are more liquid if many investors are interested in a standardized product, making the product relatively easy to convert into cash. Additionally, some specialized investments have reduced liquidity compared to traditional investment vehicles.

Bond risks: Investments in bonds involve interest rate and credit risks. Bond values change according to changes in interest rates, inflation, credit climate and issue credit quality. Interest rate increases will reduce the value of a bond. Longer term bonds are more susceptible to interest rate variations then shorter term, lower yield bonds.

Sector risks: Investing in a particular sector is subject to cyclical market conditions and charges.

Because of the inherent risk of loss associated with investing, we are unable to represent, guarantee or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Cash balances are typically invested daily in interest-bearing money market accounts.

Our strategies and investments can present unique and significant tax implications. We will seek to manage portfolios with an awareness of tax implications, but long-term wealth compounding is our primary consideration. Specific goals regarding account tax efficiency should be set forth in a writing signed by both us and the client. Regardless of account size or other factors, we strongly recommend that clients continuously consult with a tax professional prior to and throughout the investing of clients' assets. Each client is responsible for contacting his/her tax advisors to determine which cost basis accounting method is the right choice for the client.

Item 9 Disciplinary Information

Our firm and our financial professionals are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of us, our business or the integrity of our management or associated persons.

Neither our firm nor any of our associated persons has any reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

ATALA is not registered and does not have an application pending to register, as a broker dealer and its management persons are not registered as broker/dealer representative.

B. Registration as a Futures Commission merchant, Commodity Pool Operator

ATALA and its management persons are not registered and do not have application pending to register, as a futures commission merchant, commodity pool operator/advisor.

C. <u>Relationships Material to this Advisory Business and Possible Conflicts of Interest</u>

Shawn Patt does not have any other financial industry activities or affiliations currently. Douglas Hanly is the Chief Investment Officer of Emerald Necklace Investments, LLC. Mr. Hanly's activities within his role at Emerald Necklace Investments, LLC, do not currently implicate his advisory clients with ATALA.

Item 11 Code of Ethics, Conflicts of Interest, and Personal Trading

A. Fiduciary Status

According to California law, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. ATALA FINANCIAL INC. and its representatives have a fiduciary duty to all clients. ATALA FINANCIAL INC. and its representatives 'fiduciary duty to clients is considered the core underlying principle for ATALA FINANCIAL INC. 's Code of Ethics and represents the expected basis for all representatives 'dealings with clients. ATALA FINANCIAL INC. has the responsibility to ensure that the interests of clients are placed ahead of it or its representatives 'own investment interest. All representatives will conduct business in an honest, ethical, and fair manner. All representatives will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted. All representatives have a responsibility to avoid circumstances that might negatively affect or appear to affect the representatives 'duty of complete loyalty to their clients.

B. <u>PERSONAL SECURITIES TRANSACTIONS AND INTERESTS</u>

Through its professional activities, ATALA and its supervised persons are exposed to potential conflicts of interest and the Code of Ethics contains provisions designed to mitigate certain of these potential conflicts by governing the personal securities transactions of certain of its employees, officers and directors. In particular, the Code of Ethics governs the conduct of certain "access persons" in circumstances where the Adviser or its access persons desire to purchase or sell securities for their personal accounts that are identical to those recommended by the firm to its clients. For these purposes, the Code of Ethics defines an "access" person as a supervised person of the firm that (1) has access to nonpublic information regarding any clients' purchase or sale of securities, (2) has access to nonpublic information regarding the portfolio holdings of any fund the adviser or its control affiliates manage or sponsor, or (3) is involved in making securities recommendations (or has access to such recommendations) to clients that are nonpublic.

Access persons' trades must be executed in a manner consistent with the following principles:

- The interests of client accounts will always be placed first.
- All personal securities transactions will be conducted in such manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility.
- Access persons must not take inappropriate advantage of their positions.
- Preclearance of access persons' transactions in securities in a limited offering or private placement is required.

Access persons must submit quarterly reports regarding securities transactions and newly opened accounts, as well as annual reports regarding holdings and existing accounts. We monitor our access persons' personal trading activity at least quarterly to ensure compliance with internal control policies and procedures and our Code of Ethics.

The Code of Ethics does not prevent or prohibit access persons from trading in securities that we recommend or in which we invest client assets, but rather prescribes the governing principals relative to the same (see above). As such, it is possible that (1) the firm or its access persons could recommend to clients, or buy or sell for client accounts, securities in which one or more access persons (including ATALA or its affiliates) has a material financial interest, (2) access persons (including the firm or its affiliates) could invest in the same securities (or related securities) that we recommend to clients, or (3) the firm (including its affiliates) and its access persons could recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that one or more access persons (including the firm or its affiliates) buys or sells the same securities for its own account. This presents a potential conflict in that the access person might seek to benefit himself or herself from this type of trading activity in the same securities, either by trading for personal accounts in advance of client trading activity, or otherwise. All such activity must be in strict adherence with our Code of Ethics and must fundamentally place the clients' interests first. Moreover, it is our policy that neither the firm nor its associated persons will have priority over a client's account(s) in the purchase or sale of securities.

We will typically seek to combine orders to purchase securities for the firm, its associated persons and/or their families with a client's order to purchase securities ("block trading"). Please refer to Item 12 for more information on block trading. A conflict of interest exists in these events because we have the ability to trade ahead of clients and could receive more favorable prices (for the firm, its associated persons and/or their families) than the client will receive. To eliminate this conflict of interest, we will make reasonable attempts to trade securities in client accounts at or prior to trading the securities in the firm accounts, or accounts of associated persons and/or their families. Trades executed the same day will likely be subject to an average pricing calculation. Moreover, it is our policy that neither the firm nor its associated persons will have priority over a client's account(s) in the purchase or sale of securities.

Neither the firm nor its associated persons have any material financial interest in client transactions beyond the provision of investment advisory services or other services as disclosed in this Brochure.

Our firm does not engage in principal trading (i.e., the practice of selling stock to advisory clients from our inventory or buying stocks from advisory clients into our inventory). Nor does the firm engage in agency cross transactions (i.e., the practice of acting as a broker for both the client and the other party involved in a transaction).

Clients or prospective clients can obtain a copy of our Code of Ethics by contacting us at the e-mail or phone number listed on the cover page of this Brochure.

Item 12 Brokerage Practices

A. Selection and Recommendation

ATALA has a duty to select brokers, dealers and other trading venues that provide best execution for clients. The duty of best execution requires an investment adviser to seek to execute securities transactions for clients in such a manner that the client’s total cost or proceeds in each transaction is the most favorable under the circumstances, taking into account all relevant factors. The lowest possible commission, while very important, is not the only consideration. The brokers dealers ATALA currently utilizes are First Clearing & Charles Schwab/TD Ameritrade.

It is the policy of the Firm to seek best execution in all portfolio trading activities for all investment disciplines and products, regardless of whether commissions are charged. This applies to trading in any instrument, security, or contract including equities, bonds, and forward or derivative contracts.

The standards and procedures governing best execution are set forth in several written policies. Generally, to achieve best execution, ATALA considers the following factors, without limitation, in selecting brokers and intermediaries:

Execution capability;

Order size and market depth;

Availability of competing markets and liquidity;

Trading characteristics of the security;

Availability of accurate information comparing markets;

Quantity and quality of research received from the broker dealer;

Financial responsibility of the broker-dealer;

Confidentiality;

Reputation and integrity;

Responsiveness;

Recordkeeping;

Ability and willingness to commit capital;

Available technology; and

Ability to address current market conditions.

ATALA evaluates the execution, performance, and risk profile of the broker-dealers it uses at least quarterly.

ATALA generally utilizes Trade-PMR, Inc. ("Trade-PMR") for brokerage and trade execution services. Trade-PMR clears trades and custodies assets with First Clearing, FINRA member broker-dealers. First Clearing is a trade name used by Wells Fargo Clearing Services, LLC., a non-bank affiliate of Wells Fargo & Company. Trade-PMR acts as an introducing broker dealer on a fully disclosed basis. Trade-PMR and First Clearing are members of SIPC and are unaffiliated registered broker dealers and FINRA members. The brokerage commissions and/or transaction fees charged by Trade-PMR or any other designated broker-dealer are exclusive of and in addition to ATALA’s fee. Our firm regularly reviews these programs to seek to ensure that its recommendation is consistent with its fiduciary duty. Factors which our firm considers in recommending Trade-PMR and First Clearing or any other broker-dealer or custodian to clients include their respective financial strength, reputation, execution, pricing, research, and service. The commissions and/or transaction fees charged by these brokers may be higher or lower than those charged by other broker-dealers.

In addition, Trade-PMR provides ATALA with access to its institutional trading and custody services, which are typically not available to retail investors. These brokerage services include the execution of securities transactions, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Additionally, our firm may receive the following benefits from Trade-PMR: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its participants; access to block trading which provides the ability to aggregate securities transactions and then allocates the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

B. Research and Other Soft Dollar Benefits

Subject to our policy of seeking best execution for transactions, and subject to the criteria of Section 28(e) of the Securities and Exchange Act of 1934 (the "1934 Act"), when we have broker discretion, we may place trades with a broker that provides brokerage and research services to us. We have an incentive to select or recommend a broker based on our interest in receiving research or other products or services, rather than on our clients' interest in receiving most favorable execution. We do not use client brokerage commissions (i.e., soft dollars), markups or markdowns to obtain research or other products or services.

C. Brokerage for Client Referrals

ATALA does not receive client referrals from third parties for recommending the use of specific broker-dealer brokerage services.

D. Directed Brokerage

Securities transactions are executed by brokers recommended by ATALA. ATALA generally will not accept clients wishing to direct the Firm to execute transactions through a specified broker-dealer other than those recommended by ATALA. Exceptions may occur at the discretion of ATALA.

E. Order Aggregation; block trading; allocations

Our advice to certain clients and the action of the firm and its financial professionals for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his/her applicable investment objective, guidelines, risk tolerance and circumstances. Thus, any action that we take with respect to a particular investment could, for a particular client, differ or be opposed to the recommendation, advice or actions of our firm to or on behalf of other clients. Our firm acts in accordance with the adviser's duty to seek best price and execution and will not continue any arrangements if we determine that such arrangements are no longer in the best interest of our clients.

From time-to-time the clients may direct brokerage transactions through their custodians or other brokerage firms. Accordingly, we will be unable to seek the best available price and most favorable execution of such clients' portfolio transactions. Consequently, such clients may not necessarily obtain execution of transactions or brokerage rates as favorable as those which might be obtained through an investment adviser that does undertake to select brokerage firms or to negotiate rates with those selected firms. Furthermore, the fees and charges payable under this arrangement may be higher than the aggregate amount of fees and charges such clients would pay if the client (or the firm) were to negotiate the fees and charges of each service provider and securities transaction separately.

We may aggregate orders of securities for multiple client accounts. We may aggregate sale and purchase orders of securities held by our clients with similar orders being made simultaneously for other clients if such aggregation is reasonably likely to result in overall economic benefit to clients based on an evaluation that the clients are benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In some instances, the purchase or sale of securities for clients will be effected simultaneously with the purchase or sale of like securities for other clients. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions is determined and the client may be charged or credited, as the case may be, the average transaction price.

We may use pro rata allocation when an aggregated order cannot be fully executed in a single day. In such cases, the portion of the order filled on a particular day is generally allocated among participating accounts based on the size of each account's order. Such allocations are subject to the firm's ability to cancel or modify an order for one or more accounts if, the firm believes that as a result of the incomplete fill, the order is no longer appropriate for such accounts. We may apply a minimum order allocation amount, which may vary based on a market convention associated with the particular security. Where remaining positions are too small to satisfy the minimum allocation amount, we may decide to allocate the remaining shares to those accounts seeking large positions which remain unfilled or to allocate remaining shares to those accounts whose order would be completed as a result of the allocation.

We have the authority to allocate on a basis other than pro rata if, under the circumstances, such other method is reasonable, equitable, does not result in improper or undisclosed advantage or disadvantage to a particular account or group of accounts and results in fair access, over time, to trading opportunities for all eligible accounts. For example, we might identify investment opportunities that are more appropriate for certain accounts than others and may determine to allocate a partial fill to such accounts. Factors which the firm may consider in making allocation decisions include, among others: investment objectives and restrictions, cash availability and changes in cash flows, including current or anticipated redemptions, exchanges and capital contributions/withdrawals. Other allocation methods which may be used by the firm include random and rotational allocation. Such allocation methods may be particularly appropriate when the transaction size is too limited to be effectively allocated pro rata among all eligible accounts.

Trade Error Policy

Where a trade error occurs in a client account due to our error, we will correct the error and ensure the client account does not suffer a loss or incur a transaction cost related to that error. Depending on the nature of the error, we will pay the cost of the error or will cause the custodian or broker-dealer to pay the cost of the error. If the error results in a profit, due to market movement, the client will keep the profit.

Item 13 Review of Accounts

A. Periodic Reviews

Accounts are monitored continuously and on ongoing basis by our financial professionals. Each account will undergo a specific review by the CCO at least annually. We conduct these reviews through various means, including telephone calls, in-person meetings, overall strategy reviews, and/or the review of monthly and quarterly statements. Reviews are based on objectives and parameters established by clients, which are generally memorialized through their client management agreements and Investment Policies. More frequent reviews can also be triggered by a change in the client's investment objectives or risk tolerance, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in investment or fund managers, or changes in the economy or financial markets.

Our compliance personnel will also monitor managed and supervised accounts on an ongoing basis to ensure that the advisory services provided to clients are consistent with the clients' circumstances.

B. Intermittent Review Factors

Intermittent reviews may be triggered by substantial market fluctuation, economic or political events, or changes in the client’s financial status (such as retirement, termination of employment, relocation, inheritance, etc.). Clients are advised to notify ATALA promptly if there are any material changes in their financial situation, investment objectives, or in the event they wish to place restrictions on their account.

C. Reports

With respect to managed accounts, investment advisory clients receive standard account statements from the independent, qualified custodian of their accounts no less frequently than quarterly. The account statements received from the custodian and/or broker-dealer are the official records of the client's account(s).
No on-going financial planning reports are provided for financial planning clients unless a financial plan update or additional services are requested. Your firm professional will update a plan as needed and when objectives or financial situation change.

D. Financial Plans

Depending on the nature of the engagement, some financial plans will not be reviewed until after the plan is delivered. The frequency of plan review will be dependent on the agreement terms. If deemed necessary it will be reviewed quarterly, yearly or some other determinate amount of time. Those reviews will revisit the initial plan and determine if any adjustments need to be made to the objectives. Financial planning, by its nature, does require periodic review. At times we will use software and other tools to assist in generating a financial plan.

Item 14 Client Referrals and Other Compensation

A. Client Referrals

ATALA will not receive any economic benefit from another person or entity for soliciting or referring clients. It is our policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from any third-party in conjunction with the advisory services we provide our clients.

B. Other Compensation

As noted in Item 12, we receive additional benefits from the brokers and custodians we work with, which includes electronic systems that assist in the management of client accounts, access to research, the ability to directly debit client fees, software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), pricing information and other market data, assist with back office functions, recordkeeping and client reporting.

Item 15 Custody

We generally have the ability to directly debit advisory and other fees from client accounts, unless the client specifies otherwise. As part of this billing process, the independent, qualified custodian of the client's account(s) is advised of the amount of the advisory or other fee to be deducted from the client's account(s). The client will receive account statements from the custodian holding the account(s) at least quarterly. These statements will show all transactions within the account during that reporting period, including the amount of advisory or other fees debited from the client's account(s). Because the custodian does not calculate the amount of the fees to be deducted, it is important for clients to carefully review their account statements to verify the accuracy of the fee calculation, among other things. You should contact us directly if he/she believes there is an error or has a question regarding an account statement.

This ability to deduct our fees from a client's account(s) causes us to exercise limited custody over these accounts under applicable law. We do not have, and will not take, physical custody of any clients' funds, securities or assets. Clients' funds, securities and assets will be held with a bank, broker-dealer or independent, qualified custodian.

Item 16 Investment Discretion

When a client hires us to provide discretionary investment management services, we have the authority to place trades, buy and sell securities on the client's behalf, determine the amount of the securities to buy and sell, and determine the nature and type of securities to buy and sell without obtaining a client's consent or approval prior to each transaction. In some cases, we will have the authority to hire and fire third-party money managers. Clients who give us discretionary authority will give our firm a limited power of attorney and/or trading authorization forms to make the above decisions on the client's behalf.

If the client enters into a non-discretionary arrangement with our firm for investment advisory, portfolio management services, or retirement plan consulting, we will be obligated to obtain the client's approval prior to the arranging or execution of any transactions in the account(s). With such an arrangement, the client has the unrestricted right to decline to implement advice provided by us on a non-discretionary basis. If you do not grant us discretionary authority over your accounts, we are limited to make periodic recommendations to you regarding which securities to be purchased or sold and the size of the transactions. You will ultimately be responsible for implementation of those recommendations and the timing of the transaction.

Item 17 Voting Client Securities

As a general matter of firm policy and practice, we do not vote proxies or respond to any legal notices or class action claims on your behalf, regardless of whether we have discretion over your account(s). We will instruct the qualified, independent custodian to forward all proxy materials, legal notices and class action information to the client to review and make his or her own informed decision on how to vote. In the event we receive the proxy material, we will forward them directly to the client by mail or by electronic mail (if the client has authorized electronic communication). In the event that you have instructed a custodian or broker dealer to deliver proxies to us on your behalf, we will nonetheless decline to vote on such matters unless we specifically agree to do so in writing or in our Investment Management Services Agreement. From time-to-time, we may provide advice to you regarding your voting of proxies in special circumstances, however, you retain ultimate authority and responsibility to vote the proxy or respond to any legal notices or class actions.

Item 18 Financial Information

A. Balance Sheet Requirement

ATALA is not the qualified custodian for client funds or securities and does not require prepayment of fees of more than $1200 per client, six (6) months or more in advance.

B. Financial Condition

ATALA does not have any financial impairment that would preclude the Firm from meeting contractual commitments to clients.

C. Bankruptcy Petition

ATALA has not been the subject of a bankruptcy petition at any time during the last 10 years.