

Cover Page – Item 1

## **Dhamma Capital, LLC**

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**March 7, 2025**

**Form ADV Part 2A Brochure**

This brochure provides information about the qualifications and business practices of Dhamma Capital, LLC. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 925-385-8717. 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 Dhamma Capital, LLC (CRD #302037) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes - Item 2

### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

### **Material Changes since the Last Update**

On March 7, 2025, we submitted our annual updating amendment filing for fiscal year 2024. We have updated Item 4 of our Form ADV Part 2A Brochure to disclose discretionary assets under management of approximately \$70,827,044, and non-discretionary assets under management of approximately \$0.

### **Full Brochure Available**

This Firm Brochure being delivered is the complete brochure for the Firm.

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#### Advisory Business - Item 4

##### **Firm Description**

Dhamma Capital, LLC ("Dhamma Capital") was founded in 2018 and began offering investment advisory services in 2019. Sunandan K. Clerk maintains controlling interest in Dhamma Capital.

Other professionals (e.g., lawyers, accountants, tax preparers, insurance agents, etc.) are engaged directly by the Client on an as-needed basis and may charge fees of their own. Conflicts of interest will be disclosed to the Client in the event they should occur. Under CCR Section 260.238(k), Dhamma Capital, its representatives or any of its employees will disclose to the Clients all material conflicts of interest.

##### **Types of Advisory Services**

###### ASSET MANAGEMENT

Dhamma Capital offers discretionary and non-discretionary asset management services to advisory Clients. Dhamma Capital will offer Clients ongoing asset management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors.

###### Discretionary

When the Client provides Dhamma Capital discretionary authority the Client will sign a limited trading authorization or equivalent. Dhamma Capital will have the authority to execute transactions in the account without seeking Client approval on each transaction.

###### Non-Discretionary

When the Client elects to use Dhamma Capital on a non-discretionary basis, Dhamma Capital will determine the securities to be bought or sold and the amount of the securities to be bought or sold. However, Dhamma Capital will obtain prior Client approval on each and every transaction before executing any transaction.

As part of our overall portfolio management services, we provide asset allocation review, rebalancing and management services for accounts that are not held in custody of the qualified custodian(s) recommended by our firm. These services are provided through an account aggregation service called Pontera (formerly FeeX). The service primarily applies to ERISA and non-ERISA plan assets such as 401(k)s and 403(b)s, and other assets that must be held in custody of the plan custodian(s). We regularly review the available investment options in these accounts, monitor them, and periodically rebalance and implement our strategies using different tools as necessary. If you elect to allow our firm to manage your assets through Pontera, you will be notified via email when Dhamma Capital places trades through Pontera.

###### REFERRAL OF THIRD-PARTY MANAGERS

Dhamma Capital offers advisory services by referring individual clients or retirement plans to a third-party money manager offering asset management. The third-party managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary. As a result of the referral, we are paid a portion of the fee charged and collected by the third-party money managers in the form of solicitor

fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

Under this program, we assist you with identifying your risk tolerance and investment objectives. We recommend third-party money managers in relation to your stated investment objectives and risk tolerance, and you may select a recommended third-party money manager or model portfolio based upon your needs. You must enter into an agreement directly with the third-party money manager who provides your designated account with asset management services.

We are available to answer questions that you may have regarding your account and act as the communication conduit between you and the third-party money manager. The third-party money manager will take discretionary authority to determine the securities to be purchased and sold for your account. We do not have any trading authority with respect to your designated account managed by the third-party money manager.

Although we review the performance of several third-party investment adviser firms, we enter into only a select number of relationships with third-party investment adviser firms that have agreed to pay us a portion of the overall fee charged to our clients. Therefore, Dhamma Capital has a conflict of interest in that it will only recommend third-party investment advisors that will agree to compensate us for referrals of our clients.

Clients are advised that there may be other third-party managed programs not recommended by our firm, that are suitable for the client and that may be more or less costly than arrangements recommended by our firm. No guarantees can be made that a client's financial goals or objectives will be achieved by a third-party investment adviser recommended by our firm. Further, no guarantees of performance can ever be offered by our firm.

#### ERISA PLAN SERVICES

Dhamma Capital provides service to qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit-sharing plans, cash balance plans, and deferred compensation plans. Dhamma Capital may act as a fiduciary to the Plan under ERISA Section 3(21) or 3(38), depending on the service provided to the client. Our ERISA plan services are described in further detail below:

##### **1. ERISA Fiduciary Services**

Limited Scope ERISA 3(21) Fiduciary Services. Dhamma Capital may serve as a limited scope ERISA 3(21) fiduciary that can advise, help and assist plan sponsors with their investment decisions on a non-discretionary basis. As an investment advisor Dhamma Capital has a fiduciary duty to act in the best interest of the Client. The plan sponsor is still ultimately responsible for the decisions made in their plan, though using Dhamma Capital can help the plan sponsor delegate liability by following a diligent process.

Our ERISA 3(21) Fiduciary services are:

- Provide non-discretionary investment advice to the Client about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. Client will make the final decision regarding the initial selection, retention, removal and addition of investment options. Dhamma Capital acknowledges that it is a fiduciary as defined in ERISA section 3(21) (A) (ii).

- Assist the Client in the development of an investment policy statement (“IPS”). The IPS establishes the investment policies and objectives for the Plan. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the IPS.
- Provide non-discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5) and 404(a)-5.
- Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove or replace investment options.
- Meet with Client on a periodic basis to discuss the reports and the investment recommendations.

ERISA 3(38) Fiduciary Services. Dhamma Capital may serve as a fiduciary under ERISA Section 3(38) to the Plan for purposes of providing the discretionary investment management services described here:

- Provide ongoing and continuous discretionary investment management with respect to the asset classes and investment alternatives available under the Plan in accordance with the Plan’s investment policies and objectives.
- Select a broad range of investment options consistent with ERISA and the regulations thereunder, including but not limited to, 29 CFR 2550.404c-1(b)(i).
- Develop an investment policy statement (IPS).
- Monitor investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and determine whether to maintain or remove and replace investment options.
- Meet with Client on a periodic basis to discuss the reports and the investment decisions.
- Select a qualified default investment alternative (“QDIA”) for participants who fail to make an investment election. Client acknowledges that it is responsible for determining whether the Plan should have a QDIA and deciding upon the type of investment that will serve as a QDIA (e.g., target date fund, balanced fund or managed account). Once Client has made that determination, we will select the investment to serve as the QDIA. The Client retains the sole responsibility to provide all notices to participants required under 29 CFR §2550.404a-5.

**2. Non-fiduciary services are:**

- Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands Dhamma Capital’s assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor’s definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, Dhamma Capital is not providing fiduciary advice as defined by ERISA 3(21)(A)(ii) to the Plan participants. Dhamma Capital will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.

- Dhamma Capital may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between Dhamma Capital and Client.

#### FINANCIAL PLANNING AND CONSULTING

If financial planning services are applicable, a thorough review of all applicable topics including but not limited to, Wills, Estate Plans and Trusts, Investments, Taxes, Insurance Planning, and Retirement Income Planning, will be reviewed. If a conflict of interest exists between the interests of Dhamma Capital and the interests of the Client, the Client is under no obligation to act upon Dhamma Capital's recommendation. If the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through Dhamma Capital. Financial plans will be completed and delivered inside of sixty (60) days contingent upon timely delivery of all required documentation. Under CCR Section 260.235.2, it requires that the conflict of interest, which exists between the interests of the investment advisor and the interests of the client when offering financial planning services, be disclosed.

#### SEMINARS AND WORKSHOPS

Dhamma Capital holds seminars and workshops to educate the public on different types of investments and the different services they offer. The seminars are educational in nature and no specific investment or tax advice is given.

#### **Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each Client are documented in our Client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities. Agreements may not be assigned without written Client consent.

#### **Wrap Fee Programs**

Dhamma Capital does not sponsor any wrap fee programs.

#### **Client Assets under Management**

As of December 31, 2024, we manage approximately \$70,827,044 in client assets on a discretionary basis and approximately \$0 in client assets on a non-discretionary basis.

### Fees and Compensation - Item 5

#### **Method of Compensation and Fee Schedule**

##### ASSET MANAGEMENT

Dhamma Capital offers direct asset management services to advisory Clients. Pursuant to CCR Section 260.238(j), lower fees for comparable services may be available from other sources. Total fees to Client will never exceed the safe harbor threshold of 3% of assets under management per year. Dhamma Capital charges an annual investment advisory fee of no more than 1.5% based on the total assets under management.

Dhamma Capital also provides complimentary financial planning services to clients receiving our asset management services for a fee.

Accounts in the same household may be combined for a lower annual fee. The annual fee may be negotiable based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.). If margin is utilized, the fees will be billed based on the net asset value of the account. Fees are billed quarterly in advance based on the amount of assets managed as of the close of business on the last business day of the previous quarter. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation and without penalty. Clients may terminate advisory services with thirty (30) days written notice. For accounts opened or closed mid-billing period, fees will be prorated based on the day's services are provided during the given period. All unearned fees will be refunded to the Client. Client shall be given thirty (30) days prior written notice of any increase in fees. Any increase in fees will be acknowledged in writing by both parties before any increase in said fees occurs.

If Dhamma Capital is authorized or permitted to deduct fees directly from the account by the custodian:

- Dhamma Capital will provide the Client with an invoice concurrent to instructing the custodian to deduct the fee stating the amount of the fee, the formula used to calculate the fee, the amount of assets under management the fee is based on and the time period covered by the fee;
- Dhamma Capital will obtain written authorization signed by the Client allowing the fees to be deducted; and
- The Client will receive quarterly statements directly from the custodian which disclose the fees deducted.

For held away assets managed through Pontera, Pontera does not offer us the ability to deduct fees from the account. As such, fees for the management of held away assets will either be paid directly by the Client or deducted from another account that we manage for the Client at the qualified custodian(s) recommended by our firm.

#### REFERRAL OF THIRD-PARTY MANAGERS

Third-party managers generally have account minimum requirements that will vary among third-party money managers. Account minimums are generally higher on fixed income accounts than for equity-based accounts. A complete description of the third-party manager's services, fee schedules and account minimums will be disclosed in the third-party manager's disclosure brochure which will be provided to you prior to or at the time an agreement for services is executed and the account is established.

Dhamma Capital's portion of the advisory fee will not exceed 1%. The fee charged by the third-party manager will be separate from and in addition to our advisory fee. The total fee charged to you will vary depending on the third-party money manager. Your fee will be disclosed in your advisory agreements with us and the third-party manager. All fees are calculated and collected by the third-party money manager who will be responsible for delivering our portion of the fee paid by you to us.

Under this program, you may incur additional charges including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees.

We have a conflict of interest by only offering those third-party money managers that have agreed to pay a portion of their advisory fee to us and have met the conditions of our due diligence review. There may be other third-party money managers that may be suitable for you that may be more or less costly. No guarantees can

be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered.

#### ERISA PLAN SERVICES

The annual fees are based on the market value of the Included Assets and will not exceed 1%. The annual fee is negotiable and may be charged as a percentage of the Included Assets or as a flat fee. Fees may be charged quarterly or monthly in arrears or in advance based on the assets as calculated by the custodian or record keeper of the Included Assets (without adjustments for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distribution of assets). If the services to be provided start any time other than the first day of a quarter or month, the fee will be prorated based on the number of days remaining in the quarter or month. If this Agreement is terminated prior to the end of the billing cycle, Dhamma Capital shall be entitled to a prorated fee based on the number of days during the fee period services were provided or Client will be due a prorated refund of fees for days services were not provided in the billing cycle.

The fee schedule, which includes compensation of Dhamma Capital for the services is described in detail the ERISA Plan Agreement. The Plan is obligated to pay the fees, however the Plan Sponsor may elect to pay the fees. Client may elect to be billed directly or have fees deducted from Plan Assets. When Dhamma Capital offers advisory services by referring retirement plans to a third-party manager for asset management services, the third-party manager collects the fee and pays us our portion of the fee. Dhamma Capital does not reasonably expect to receive any additional compensation, directly or indirectly, for its services under this Agreement. If additional compensation is received, Dhamma Capital will disclose this compensation, the services rendered, and the payer of compensation. Dhamma Capital will offset the compensation against the fees agreed upon under the Agreement.

#### FINANCIAL PLANNING AND CONSULTING

Dhamma Capital charges either an hourly fee or fixed fee for financial planning. Prior to the planning process the Client will be provided an estimated plan fee. Our fees will take into consideration factors such as the complexity of your financial profile, the depth of services to be provided through the engagement, assets that comprise your overall portfolio, whether you or our firm will implement the transactions on your account(s), time involved in the engagement, among others.

Services are completed and delivered inside of sixty (60) days contingent upon timely delivery of all required documentation.

#### HOURLY FEES

Financial Planning Services are offered based on an hourly fee of \$500 per hour.

#### FIXED FEES

Financial Planning Services are offered based on a flat fee between \$1,500 and \$5,000.

Fees for financial plans are billed 50% in advance with the balance due upon plan delivery. Client may cancel within five (5) business days of signing Agreement with no obligation and without penalty. If the Client cancels after five (5) business days, any unearned fees will be refunded to the Client, or any unpaid earned fees will be due to Dhamma Capital. Refunds will be calculated on the number of hours spent on the preparing the financial plan based the hourly rate of \$500 per hour. Dhamma Capital reserves the right to waive the fee should the Client implement the plan through Dhamma Capital.

#### SEMINARS AND WORKSHOPS

Dhamma Capital does not charge a fee for attendance to these seminars.

**Client Payment of Fees**

Investment management fees are billed quarterly in advance, meaning that we invoice you before the billing period. Fees are usually deducted from a designated Client account to facilitate billing. The Client must consent in advance to direct debiting of their investment account. When utilizing a third-party Manager, the manner and frequency of the billing will be disclosed in your advisory agreement with them.

Fees for financial plans are billed 50% in advance with the balance due upon plan delivery.

Dhamma Capital, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.).

**Negotiability of Fees:** We allow Associated Persons servicing the account to negotiate the exact investment management fees within the range disclosed in our Form ADV Part 2A Brochure. As a result, the Associated Person servicing your account may charge more or less for the same service than another Associated Person of our firm. Further, our annual investment management fee may be higher than that charged by other investment advisors offering similar services/programs.

**Billing on Cash Positions:** The firm treats cash and cash equivalents as an asset class. Accordingly, unless otherwise agreed in writing, all cash and cash equivalent positions (e.g., money market funds, etc.) are included as part of assets under management for purposes of calculating the firm's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the firm may maintain cash and/or cash equivalent positions for defensive, liquidity, or other purposes. While assets are maintained in cash or cash equivalents, such amounts could miss market advances and, depending upon current yields, at any point in time, the firm's advisory fee could exceed the interest paid by the client's cash or cash equivalent positions.

**Billing on Margin:** Unless otherwise agreed in writing, the gross amount of assets in the client's account, including margin balances, are included as part of assets under management for purposes of calculating the firm's advisory fee. Clients should note that this practice will increase total assets under management used to calculate advisory fees which will in turn increase the amount of fees collected by our firm. This practice creates a conflict of interest in that our firm has an incentive to use margin in order to increase the amount of billable assets. At all times, the firm and its Associated Persons strive to uphold their fiduciary duty of fair dealing with clients. Clients are free to restrict the use of margin by our firm. However, clients should note that any restriction on the use of margin may negatively impact an account's performance in a rising market.

**Periods of Portfolio Inactivity:** The firm has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, the firm will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when the firm determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, unless otherwise agreed in writing, the firm's annual investment advisory fee will continue to apply during these periods, and there can be no assurance that investment decisions made by the firm will be profitable or equal any specific performance level(s).

#### **IRA Rollover Considerations**

As a normal extension of financial advice, we provide education or recommendations related to the rollover of an employer-sponsored retirement plan. A plan participant leaving employment has several options. Each choice offers advantages and disadvantages, depending on desired investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and the investor's unique financial needs and retirement plans. The complexity of these choices may lead an investor to seek assistance from us.

An Associated Person who recommends an investor roll over plan assets into an Individual Retirement Account ("IRA") may earn an asset-based fee as a result, but no compensation if assets are retained in the plan. Thus, we have an economic incentive to encourage an investor to roll plan assets into an IRA. In most cases, fees and expenses will increase to the investor as a result because the above-described fees will apply to assets rolled over to an IRA and outlined ongoing services will be extended to these assets.

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We have to act in your best interests and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

#### **Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges may include mutual fund transaction fees, postage and handling margin interest and miscellaneous fees.

For more details on the brokerage practices, see Item 12 of this brochure.

#### **Prepayment of Client Fees**

Dhamma Capital does not require any prepayment of fees of more than \$500 per Client and six months or more in advance.

Fees for ERISA services may be billed in advance.

Fees for financial plans are billed 50% in advance with the balance due upon plan delivery

If the Client cancels after five (5) business days, any unearned fees will be refunded to the Client, or any unpaid earned fees will be due to Dhamma Capital.

#### **External Compensation for the Sale of Securities to Clients**

Dhamma Capital does not receive any external compensation for the sale of securities to Clients, nor do any of the investment advisor representatives of Dhamma Capital.

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

#### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Dhamma Capital does not use a performance-based fee structure because of the conflict of interest. Performance based compensation may create an incentive for Dhamma Capital to recommend an investment that may carry a higher degree of risk to the Client.

#### Types of Clients - Item 7

##### **Description**

Dhamma Capital is dedicated to providing its services to individuals, high net worth individuals, families, pension and profit-sharing plans and small businesses.

Client relationships vary in scope and length of service.

##### **Account Minimums**

Dhamma Capital requires a household minimum of \$250,000 to open an account. In certain instances, the minimum account size may be lowered or waived.

Third-party money managers may have minimum account and minimum fee requirements in order to participate in their programs. Each-third party money manager will disclose its minimum account size and fees in its Form ADV Part 2A Disclosure Brochure.

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

##### **Methods of Analysis**

Security analysis methods may include fundamental analysis, technical analysis, charting, and cyclical analysis. Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

Charting analysis strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are twofold: 1) the markets do not always repeat cyclical

patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

In developing a financial plan for a Client, Dhamma Capital's analysis may include cash flow analysis, investment planning, risk management, tax planning and estate planning. Based on the information gathered, a detailed strategy is tailored to the Client's specific situation.

The main sources of information include financial newspapers and magazines, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

### **Investment Strategy**

The investment strategy for a specific Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time by providing written notice to Dhamma Capital. Each Client executes a Client profile form or similar form that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, and option writing (including covered options, uncovered options or spreading strategies).

### **Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with Dhamma Capital:

- *Market Risk:* The prices of securities held by mutual funds in which Clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by a fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.
- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Management Risk:* The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the Client's portfolio may suffer.
- *Equity Risk:* Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects

the value of the Client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.

- *Fixed Income Risk:* The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities held by a fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.
- *Investment Companies Risk:* When a Client invests in open end mutual funds or ETFs, the Client indirectly bears their proportionate share of any fees and expenses payable directly by those funds. Therefore, the Client will incur higher expenses, which may be duplicative. In addition, the Client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value or (ii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. Adviser has no control over the risks taken by the underlying funds in which Client invests.
- *Foreign Securities Risk:* Funds in which Clients invest may invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- *Long-term purchases:* Long-term investments are those vehicles purchased with the intension of being held for more than one year. Typically, the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long-term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.
- *Short-term purchases:* Short-term investments are typically held for one year or less. Generally, there is not a high expectation for a return or an increase in value. Typically, short-term investments are purchased for the relatively greater degree of principal protection they are designed to provide. Short-term investment vehicles may be subject to purchasing power risk — the risk that your investment's return will not keep up with inflation.
- *Trading risk:* Investing involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund or investment will be achieved.

- *Options Trading:* The risks involved with trading options are that they are very time sensitive investments. An options contract is generally a few months. The buyer of an option could lose his or her entire investment even with a correct prediction about the direction and magnitude of a particular price change if the price change does not occur in the relevant time period (i.e., before the option expires). Additionally, options are less tangible than some other investments. An option is a “book-entry” only investment without a paper certificate of ownership.
- *Trading on Margin:* In a cash account, the risk is limited to the amount of money that has been invested. In a margin account, risk includes the amount of money invested plus the amount that has been loaned. As market conditions fluctuate, the value of marginable securities will also fluctuate, causing a change in the overall account balance and debt ratio. As a result, if the value of the securities held in a margin account depreciates, the Client will be required to deposit additional cash or make full payment of the margin loan to bring account back up to maintenance levels. Clients who cannot comply with such a margin call may be sold out or bought in by the brokerage firm.
- *Leveraged Risk:* The risks involved with using leverage may include compounding of returns (this works both ways – positive and negative), possible reset periods, volatility, use of derivatives, active trading and high expenses.
- *Hedge Funds Risk:* The risks involved with hedge funds are that they may invest in unregistered investments that are not subject to the SEC's registration and disclosure requirements. They may have risky investment strategies, which may include speculative investment and trading strategies. Both unregistered and registered hedge funds are illiquid investments and are subject to restrictions on transferability and resale. The tax structure of investments in hedge funds may be complex.
- *Private Equity/Placement Risk:* Because offerings are exempt from registration requirements, no regulator has reviewed the offerings to make sure the risks associated with the investment and all material facts about the entity raising money are adequately disclosed. Securities offered through private placements are generally illiquid, meaning there are limited opportunities to resell the security. Risk of the underlying investment may be significantly higher than publicly traded investments.
- *Concentrated Position Risk:* Certain Associated Persons may recommend that clients concentrate account assets in an industry or economic sector. In addition to the potential concentration of accounts in one or more sectors, certain accounts may, or may be advised to, hold concentrated positions in specific securities. Therefore, at times, an account may, or may be advised to, hold a relatively small number of securities positions, each representing a relatively large portion of assets in the account. As a result, the account will be subject to greater volatility than a more sector diversified portfolio. Investments in issuers within an industry or economic sector that experiences adverse economic, business, political conditions or other concerns will impact the value of such a portfolio more than if the portfolio's investments were not so concentrated. A change in the value of a single investment within the portfolio will affect the overall value of the portfolio and will cause greater losses than it would in a portfolio that holds more diversified investments.
- *Environmental, Social, and Governance Investment Criteria Risk:* If a portfolio is subject to certain environmental, social and governance (ESG) investment criteria it may avoid purchasing certain securities for ESG reasons when it is otherwise economically advantageous to purchase those securities, or may sell certain securities for ESG reasons when it is otherwise economically advantageous to hold those securities. In general, the application of the portfolio's ESG investment criteria may affect the portfolio's exposure to certain issuers, industries, sectors and geographic areas, which may affect the financial performance of the portfolio, positively or negatively, depending on

whether these issuers, industries, sectors or geographic areas are in or out of favor. An adviser can vary materially from other advisers with respect to its methodology for constructing ESG portfolios or screens, including with respect to the factors and data that it collects and evaluates as part of its process. As a result, an adviser's ESG portfolio or screen may materially differ from or contradict the conclusions reached by other ESG advisers concerning the same issuers. Further, ESG criteria are dependent on data and are subject to the risk that such data reported by issuers or received from third-party sources may be subjective, or it may be objective in principle but not verified or reliable.

- *Cybersecurity Risks:* Our firm and our service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes, and practices designed to protect networks, systems, computers, programs, and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate; however, unintentional events may have similar effects. Cyber-attacks may cause losses to clients by interfering with the processing of transactions, affecting the ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose our firm to civil liability as well as regulatory inquiry and/or action. In addition, clients could be exposed to additional losses as a result of unauthorized use of their personal information. While our firm has established a business continuity plan and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for issuers of securities, investment companies and other investment advisers in which we invest, which could result in material adverse consequences for such entities and may cause a client's investment in such entities to lose value.
- *Pandemic Risk:* Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption. It is difficult to predict the long-term impact of such events because they are dependent on a variety of factors including the global response of regulators and governments to address and mitigate the worldwide effects of such events. Workforce reductions, travel restrictions, governmental responses and policies and macroeconomic factors will negatively impact investment returns.
- *Recommendation of Other Advisers:* In the event we recommend a third-party investment adviser to manage all or a portion of your assets, we will advise you on how to allocate your assets among various classes of securities or third-party investment managers, programs, or managed model portfolios. As such, we will primarily rely on investment model portfolios and strategies developed by the third-party investment advisers and their portfolio managers. If there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark, we may recommend changing models or replacing a third-party investment adviser. The primary risks associated with investing with a third party is that while a particular third party may have demonstrated a certain level of success in the past; it may not be able to replicate that success in future markets. In addition, as we do not control the underlying investments in third party model portfolios, there is also a risk that a third party may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable

investment for our clients. To mitigate this risk, we seek third parties with proven track records that have demonstrated a consistent level of performance and success over time. A third party's past performance is not a guarantee of future results and certain market and economic risks exist that may adversely affect an account's performance that could result in capital losses in your account. Please refer to the third-party investment adviser's advisory agreements, Form ADV Brochure, and associated disclosure documents for details on their specific investment strategies, methods of analysis, and associated risks.

- *Cryptocurrency Risk:* Cryptocurrency (e.g., bitcoin and ether), often referred to as "virtual currency", "digital currency," or "digital assets," is designed to act as a medium of exchange. Cryptocurrency is an emerging asset class. There are thousands of cryptocurrencies, the most well-known of which is bitcoin. Certain of the firm's clients may have exposure to bitcoin or another cryptocurrency, directly or indirectly through an investment such as an ETF or other investment vehicles. Cryptocurrency operates without central authority or banks and is not backed by any government. Cryptocurrencies may experience very high volatility and related investment vehicles may be affected by such volatility. As a result of holding cryptocurrency, certain of the firm's clients may also trade at a significant premium or discount to NAV. Cryptocurrency is also not legal tender. Federal, state or foreign governments may restrict the use and exchange of cryptocurrency, and regulation in the U.S. is still developing. The market price of many cryptocurrencies, including bitcoin, has been subject to extreme fluctuations. If cryptocurrency markets continue to be subject to sharp fluctuations, investors may experience losses if the value of the client's investments decline. Similar to fiat currencies (i.e., a currency that is backed by a central bank or a national, supra-national or quasi-national organization), cryptocurrencies are susceptible to theft, loss and destruction. Cryptocurrency exchanges and other trading venues on which cryptocurrencies trade are relatively new and, in most cases, largely unregulated and may therefore be more exposed to fraud and failure than established, regulated exchanges for securities, derivatives and other currencies. The SEC has issued a public report stating U.S. federal securities laws require treating some digital assets as securities.

Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers or malware. Due to relatively recent launches, most cryptocurrencies have a limited trading history, making it difficult for investors to evaluate investments. Generally, cryptocurrency transactions are irreversible such that an improper transfer can only be undone by the receiver of the cryptocurrency agreeing to return the cryptocurrency to the original sender. Digital assets are highly dependent on their developers and there is no guarantee that development will continue or that developers will not abandon a project with little or no notice. Third parties may assert intellectual property claims relating to the holding and transfer of digital assets, including cryptocurrencies, and their source code. Any threatened action that reduces confidence in a network's long-term ability to hold and transfer cryptocurrency may affect investments in cryptocurrencies.

Many significant aspects of the U.S. federal income tax treatment of investments in cryptocurrency are uncertain and an investment in cryptocurrency may produce income that is not treated as qualifying income for purposes of the income test applicable to regulated investment companies. Certain cryptocurrency investments may be treated as a grantor trust for U.S. federal income tax purposes, and an investment by the firm's clients in such a vehicle will generally be treated as a direct investment in cryptocurrency for tax purposes and "flow-through" to the underlying investors.

- *Risks Associated with Investing in Inverse and Leveraged Funds:* Leveraged mutual funds and ETFs generally seek to deliver multiples of the daily performance of the index or benchmark that they track. Inverse mutual funds and ETFs generally seek to deliver the opposite of the daily performance of the index or benchmark that they track. Inverse funds often are marketed as a way for investors to profit from, or at least hedge their exposure to, downward-moving markets. Some Inverse funds are both inverse and leveraged, meaning that they seek a return that is a multiple of the inverse performance of the underlying index. To accomplish their objectives, leveraged and inverse funds use a range of investment strategies, including swaps, futures contracts, and other derivative instruments. Leveraged, inverse, and leveraged inverse funds are more volatile and riskier than traditional funds due to their exposure to leverage and derivatives, particularly total return swaps and futures. At times, we will recommend leveraged and/or inversed funds, which may amplify gains and losses. Most leveraged funds are typically designed to achieve their desired exposure on a daily (in a few cases, monthly) basis, and reset their leverage daily. A "single day" is measured from the time the leveraged fund calculates its net asset value ("NAV") to the time of the leveraged fund's next NAV calculation. The return of the leveraged fund for periods longer than a single day will be the result of each day's returns compounded over the period. Due to the effect of this mathematical compounding, their performance over longer periods of time can differ significantly from the performance (or inverse performance) of their underlying index or benchmark during the same period of time. For periods longer than a single day, the leveraged fund will lose money when the level of the Index is flat, and the leveraged fund may lose money even if the level of the Index rises. Longer holding periods, higher index volatility, and greater leverage all exacerbate the impact of compounding on an investor's returns. During periods of higher Index volatility, the volatility of the Index may affect the leveraged fund's return as much as or more than the return of the Index itself. Therefore, holding leveraged, inverse, and leveraged inverse funds for longer periods of time increases their risk due to the effects of compounding and the inherent difficulty in market timing. Leveraged funds are riskier than similarly benchmarked funds that do not use leverage. Non-traditional funds are highly volatile and not suitable for all investors. They provide the potential for significant losses.
- *Risks Associated with Investing in Buffer ETFs:* Buffer ETFs are also known as defined-outcome ETFs since the ETF is designed to offer downside protection for a specified period of time. These ETFs are modeled after options-based structured notes, but are generally cheaper, and offer more liquidity. Buffer ETFs are designed to safeguard against market downturns by employing complex options strategies. Buffer ETFs typically charge higher management fees that are considerably more than the index funds whose performance they attempt to track. Additionally, because buffer funds own options, they do not receive dividends from their equity holdings. Both factors result in the underperformance of the Buffer ETF compared to the index they attempt to track. Clients should carefully read the prospectus for a buffer ETF to fully understand the cost structures, risks, and features of these complex products.

#### Disciplinary Information - Item 9

##### **Criminal or Civil Actions**

Dhamma Capital and its management have not been involved in any criminal or civil action.

**Administrative Enforcement Proceedings**

Dhamma Capital and its management have not been involved in administrative enforcement proceedings.

**Self- Regulatory Organization Enforcement Proceedings**

Dhamma Capital and its management have not been involved in legal or disciplinary events that are material to a Client's or prospective Client's evaluation of Dhamma Capital or the integrity of its management.

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

**Broker-Dealer or Representative Registration**

Dhamma Capital is not registered as a broker-dealer and no affiliated representatives of Dhamma Capital are registered representatives of a broker-dealer.

**Futures or Commodity Registration**

Neither Dhamma Capital nor its affiliated representatives are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

**Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

There are no outside material relationships to disclose.

**Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

Dhamma Capital has developed a program, previously described in Item 5 of this disclosure brochure, designed to allow us to recommend and select third-party money managers for you. Once you select the third-party money manager to manage all or a portion of your assets, the third-party money manager will pay us a portion of the fees you are charged. Please refer to Items 4 and 5 for full details regarding the programs, fees, conflicts of interest and materials arrangements when Dhamma Capital selects other investment advisers.

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

**Code of Ethics Description**

The affiliated persons (affiliated persons include employees and/or independent contractors) of Dhamma Capital have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of Dhamma Capital affiliated persons and addresses conflicts that may arise. The Code defines acceptable behavior for affiliated persons of Dhamma Capital. The Code reflects Dhamma Capital and its supervised persons' responsibility to act in the best interest of their Client.

One area which the Code addresses is when affiliated persons buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our Clients. We do not allow any affiliated persons to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our Clients.

Dhamma Capital's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other affiliated person, officer or director of Dhamma Capital may recommend any transaction in a security or its derivative to advisory Clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

Dhamma Capital's Code is based on the guiding principle that the interests of the Client are our top priority. Dhamma Capital's officers, directors, advisors, and other affiliated persons have a fiduciary duty to our Clients and must diligently perform that duty to maintain the complete trust and confidence of our Clients. When a conflict arises, it is our obligation to put the Client's interests over the interests of either affiliated persons or the company.

The Code applies to "access" persons. "Access" persons are affiliated persons who have access to non-public information regarding any Clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to Clients, or who have access to such recommendations that are non-public.

Dhamma Capital will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

**Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

Dhamma Capital and its affiliated persons do not recommend to Clients securities in which we have a material financial interest.

**Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Dhamma Capital and its affiliated persons can buy or sell securities that are also held by Clients. In order to mitigate conflicts of interest such as trading ahead of Client transactions, affiliated persons are required to disclose all reportable securities transactions as well as provide Dhamma Capital with copies of their brokerage statements.

The Chief Compliance Officer of Dhamma Capital is Sunandan K. Clerk. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

**Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Dhamma Capital does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, affiliated persons can buy or sell securities at the same time they buy or sell securities for Clients. In order to mitigate conflicts of interest such as front running, affiliated persons are required to disclose all reportable securities transactions as well as provide Dhamma Capital with copies of their brokerage statements.

The Chief Compliance Officer of Dhamma Capital is Sunandan K. Clerk. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

## **Brokerage Practices - Item 12**

### **Factors Used to Select Broker-Dealers for Client Transactions**

Our firm will not maintain custody of your assets that we manage, although we are deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer, bank, or trust company, for example. We routinely recommend that our clients use Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, member SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we or you instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account Agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client Referrals and Other Compensation). You should consider these conflicts of interest when selecting your custodian.

We do not open the account for you, although we may assist you in doing so. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by our firm. Even though your account is maintained at Schwab, and we anticipate that most trades will be executed through Schwab, we can still use other brokers to execute trades for your account as described below (see “Your Brokerage and Custody Costs”).

### **How We Select Brokers/Custodians**

When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, we take into account a wide range of factors, including:

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

### **Your Brokerage and Custody Costs**

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, certain mutual funds and ETFs) do not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab’s Cash Features Program. In addition to transaction fees, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your

Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we will have Schwab execute most trades for your account.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”). By using another broker or dealer you may pay lower transaction costs.

***Research and Other Soft Dollar Benefits***

Although the following products and services are not purchased with “soft dollar” credits, we will receive certain economic benefits (soft dollar benefits) from Schwab in the form of access to Schwab’s institutional brokerage and support services at no additional cost or a discounted cost. Below is a detailed description of Schwab’s support services:

**Products and Services Available to Us from Schwab**

Schwab Advisor Services™ is Schwab’s business serving independent investment advisory firms like ours. They provide our clients and us with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us.

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

***Services that Do Not Directly Benefit You:*** Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts and operating our firm. They include investment research, both Schwab’s own and that of third parties. We use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

***Services that Generally Benefit Only Us:*** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology and business needs
- Consulting on legal and compliance-related needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

- Marketing consulting and support
- Recruiting and custodial search consulting

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment for our personnel. If you did not maintain your account with Schwab, we would be required to pay for those services from our own resources.

Our firm understands its duty for best execution and considers all factors in making recommendations to clients. These research services may be useful in servicing all clients and may not be used in connection with any particular account that may have paid compensation to the firm providing such services. While we may not always obtain the lowest commission rate, we believe the rate is reasonable in relation to the value of the brokerage and research services provided.

#### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services.

Schwab has also agreed to pay for certain technology, research, marketing, and compliance consulting products and services on our behalf once the value of our clients' assets in accounts at Schwab reaches certain thresholds.

The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate our recommendation of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us.

#### **Directed Brokerage**

In circumstances where a Client directs Dhamma Capital to use a certain broker-dealer, Dhamma Capital still has a fiduciary duty to its Clients. The following may apply with Directed Brokerage: Dhamma Capital's inability to negotiate commissions, to obtain volume discounts, there may be a disparity in commission charges among Clients and conflicts of interest arising from brokerage firm referrals. The firm may be unable to achieve most favorable execution of client transactions, and this practice may cost clients more money.

#### **Best Execution**

Investment advisors who manage or supervise Client portfolios have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to affect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.

#### **Aggregating Securities Transactions for Client Accounts**

Dhamma Capital is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of Dhamma

Capital. All Clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

### Review of Accounts - Item 13

#### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by the Chief Compliance Officer of Dhamma Capital. Account reviews are performed more frequently when market conditions dictate. Reviews of Client accounts include, but are not limited to, a review of Client documented risk tolerance, adherence to account objectives, investment time horizon, and suitability criteria, reviewing target bans of each asset class to identify if there is an opportunity for rebalancing, and reviewing accounts for tax loss harvesting opportunities.

Accounts established and maintained with other third-party managers are reviewed at least quarterly, usually when statements and/or reports are received from the money manager.

Financial plans generated are updated as requested by the Client and pursuant to a new or amended agreement, Dhamma Capital suggests updating at least annually.

#### **Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of Clients' accounts are changes in the tax laws, new investment information, and changes in a Client's own situation.

#### **Content of Client Provided Reports and Frequency**

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by Dhamma Capital's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs.

Whether reports by a third-party manager are provided to you will depend upon the manager.

You are encouraged to always compare any reports or statements provided by us or a third-party manager against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

### Client Referrals and Other Compensation - Item 14

#### **Custodian Benefits**

As described in Item 12 above, we receive economic benefits from our custodial broker dealer in the form of support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at these custodial broker dealers. The availability of custodial products and services is not dependent upon or based on the specific investment advice we provide our clients, such as buying or selling specific securities or specific types of securities for our clients. The products and services provided by the custodial broker dealer, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices).

**Advisory Firm Payments for Client Referrals**

Dhamma Capital does not compensate for Client referrals.

**Custody - Item 15**

**Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to Clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their custodians to any documentation or reports prepared by Dhamma Capital. Dhamma Capital is deemed to have constructive custody solely because advisory fees are directly deducted from Client's accounts by the custodian on behalf of Dhamma Capital.

If Dhamma Capital is authorized or permitted to deduct fees directly from the account by the custodian:

- Dhamma Capital will provide the Client with an invoice concurrent to instructing the custodian to deduct the fee stating the amount of the fee, the formula used to calculate the fee, the amount of assets under management the fee is based on and the time period covered by the fee;
- Dhamma Capital will obtain written authorization signed by the Client allowing the fees to be deducted; and
- The Client will receive quarterly statements directly from the custodian which disclose the fees deducted.

**Investment Discretion - Item 16**

**Discretionary Authority for Trading**

If applicable, Client will authorize Dhamma Capital discretionary authority, via the advisory agreement, to determine, without obtaining specific Client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. If applicable, Client will authorize Dhamma Capital discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement. If, however, consent for discretion is not given, Dhamma Capital will obtain prior Client approval before executing each transaction.

Dhamma Capital allows Client's to place certain restrictions, as outlined in the Client's Investment Policy Statement or similar document. Such restrictions could include only allowing purchases of socially conscious investments. These restrictions must be provided to Dhamma Capital in writing.

The Client approves the custodian to be used and the commission rates paid to the custodian. Dhamma Capital does not receive any portion of the transaction fees or commissions paid by the Client to the custodian.

#### Voting Client Securities - Item 17

##### **Proxy Votes**

Dhamma Capital does not vote proxies on securities. Clients are expected to vote their own proxies. The Client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, Dhamma Capital will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

With respect to assets managed by a third-party manager, we will not vote the proxies associated with these assets. You will need to refer to each third-party manager's disclosure brochure to determine whether the third-party manager will vote proxies on your behalf. You may request a complete copy of third-party manager's proxy voting policies and procedures as well as information on how your proxies were voted by contacting the third-party manager or by contacting Dhamma Capital at the address or phone number indicated on Page 1 of this disclosure document.

#### Financial Information - Item 18

##### **Balance Sheet**

A balance sheet is not required to be provided because Dhamma Capital does not serve as a custodian for Client funds or securities and Dhamma Capital does not require prepayment of fees of more than \$500 per Client and six months or more in advance.

##### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Dhamma Capital has no condition that is reasonably likely to impair our ability to meet contractual commitments to our Clients.

##### **Bankruptcy Petitions during the Past Ten Years**

Dhamma Capital has not had any bankruptcy petitions in the last ten years.

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

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

The education and business background for Sunandan Clerk can be found in the Part 2B of this Brochure.

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

The outside business activities for Sunandan Clerk can be found in the Part 2B of this Brochure.

##### **Performance Based Fee Description**

Dhamma Capital does not receive any performance-based fees.

**Disclosure of Material Facts Related to Arbitration or Disciplinary Actions Involving Management Persons**

1. Neither Dhamma Capital nor its management have been involved in an arbitration claim alleging damages in excess of \$2,500 involving any of the following:
  - a) An investment or an investment-related business or activity;
  - b) Fraud, false statement(s) or omissions;
  - c) Theft, embezzlement or other wrongful taking of property;
  - d) Bribery, forgery, counterfeiting, or extortion;
  - e) Dishonest, unfair or unethical practices.
2. Neither Dhamma Capital nor its management have been found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - a) An investment or an investment-related business or activity;
  - b) Fraud, false statement(s) or omissions;
  - c) Theft, embezzlement or other wrongful taking of property;
  - d) Bribery, forgery, counterfeiting, or extortion;
  - e) Dishonest, unfair or unethical practices.

**Material Relationship Maintained by this Advisory Business or Management persons with Issuers of Securities**

There are no material relationships with issuers of securities to disclose.

**Material Conflicts of Interest Assurance**

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

# **Sunandan K. Clerk, CFP<sup>®</sup>, CFA**

Personal CRD Number: 6457600

Managing Member / Investment Adviser Representative

## **Dhamma Capital, LLC**

2872 Ygnacio Valley Rd. #455

Walnut Creek, CA 94598

(925) 385-8717

[www.DhammaCapital.com](http://www.DhammaCapital.com)

**March 1, 2024**

### **Form ADV Part 2B Brochure Supplement**

This brochure supplement provides information about Sunandan K. Clerk and supplements the Dhamma Capital, LLC brochure. You should have received a copy of that brochure. Please contact Sunandan K. Clerk if you did not receive the brochure or if you have any questions about the contents of this supplement.

Additional information about Sunandan K. Clerk (CRD #6457600) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### Educational Background and Business Experience - Item 2

**Sunandan K. Clerk**

Year of Birth: 1977

Educational Background:

- Texas Christian University, Master's in Business Administration

Business Background:

- Dhamma Capital, LLC; Managing Member/Investment Advisor Representative; 06/2019 – Present
- Regal Investment Advisors LLC; Investment Advisor Representative; 03/2018 – 06/2019
- Consilium Wealth Management; VP Investments; 09/2017 – 01/2018
- Wells Fargo Clearing Services, LLC; Investment Advisor Representative; 06/2015 – 08/2017
- Wells Fargo Clearing Services, LLC; Registered Representative; 05/2015 – 08/2017
- Wells Fargo Advisors, LLC; Associate; 02/2015 – 05/2015
- Mechanics Bank; Portfolio Manager; 06/2010 – 02/2015
- Self-employed; 07/2009 – 06/2010
- YCMNET Advisors; Investment Analyst; 01/2007 – 07/2009

Professional Designations:

Sunandan K. Clerk has earned certifications and credentials that are required to be explained in further detail.

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with Clients.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and Client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their Clients.  
CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Chartered Financial Analyst (CFA): Chartered Financial Analysts designation is awarded by the CFA Institute. CFA certification requirements:

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 more than 165 countries. 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.

#### **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.

**Disciplinary Information - Item 3**

*Criminal or Civil Action:* None to report.  
*Administrative Proceeding:* None to report.  
*Self-Regulatory Proceeding:* None to report.

**Other Business Activities - Item 4**

Sunandan K. Clerk does not have any outside business activities. Sunandan K. Clerk is a tax preparer (CRTP) registered with the California Tax Education Council. Clients are not solicited to use his tax prep services. At this time, he spends no time on this activity.

**Additional Compensation – Item 5**

Sunandan K. Clerk does not receive any performance-based fees. He does not receive any additional compensation for performing advisory services.

**Supervision - Item 6**

Since Sunandan K. Clerk is the sole owner and investment adviser representative of Dhamma Capital he is solely responsible for all supervision and formulation and monitoring of investment advice offered to Clients. He will adhere to the policies and procedures as described in the firm's Compliance Manual. He can be reached at 925-385-8717.

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

*Arbitration Claims:* None to report.  
*Self-Regulatory Organization or Administrative Proceeding:* None to report.  
*Bankruptcy Petition:* None to report.