## Item 1: Cover Page

Part 2A of Form ADV: Firm Brochure

# Kraken Adviser LLC

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This brochure ("Brochure") provides information about the qualifications and business practices of Kraken Adviser LLC (the "Adviser"). Registration does not imply a certain level of skill or training. For any questions about the contents of this Brochure, please contact the Adviser at the Customer Service Center. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

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

## Item 2: Material Changes

This Item discusses material changes to the Brochure since the last annual amendment thereto. The following material changes have occurred since the version of this Brochure dated May, 29, 2026. The Adviser has launched an AI-based conversational investment advisory service (the "Portfolio Agent"), described in Item 4. The Portfolio Agent provides advisory services in two modes. In Plan-and-Approve Mode, a non-discretionary service, the Portfolio Agent proposes a portfolio plan and rebalance proposals that the Client approves prior to execution. In Autonomous Mode, a discretionary service, the Client provides a high-level mandate and the Portfolio Agent builds, monitors, and rebalances the Client's Investment Account without per-transaction approval. Corresponding updates have been made to Items 4, 5, 7, 8, 10, 12, 13, and 16. Clients will receive a summary of any material changes to this Brochure within one hundred twenty (120) days of the Adviser's fiscal year end. The Adviser's current Brochure may also be requested, free of charge, by contacting the Adviser at the Customer Service Center.

## Item 3: Table of Contents

## Item 4: Advisory Business

Kraken Adviser LLC (the "Adviser") is an SEC-registered investment adviser offering web-based investment advisory services as further described below to clients (each a "Client," and collectively, "Clients"). The Adviser filed for registration as an investment adviser on August 21, 2025 and is principally owned by Payward Inc., d/b/a Kraken ("Kraken"). As of the date of this Brochure, the Adviser does not have assets under management.

The Adviser provides its investment advisory services to Clients through a software application that is available through Kraken's website here and on its mobile application (collectively, the "Platform"). The Adviser does not provide investment advice in person, over the phone, in live chat, or in any manner other than through the Platform.

To open an account with the Adviser (an "Investment Account"), Clients must provide certain personal and financial information through one or more questionnaires (together, the "Client Profile"). The Client Profile collects, among other information, the Client's employment status, income, investment goals, investment objectives, time horizon, risk tolerance and net assets (together, "Investment Needs"). The Adviser does not verify the information it receives from Clients for accuracy, and it will rely on the information Clients provide. It is each Client's responsibility to promptly update his or her Client Profile and Investment Needs in the event of a change in circumstances.

The Adviser's investment advisory services include a feature called "Bundles," which are diversified allocations which include securities (including exchange traded funds ("ETFs") and individual equity securities). The Adviser recommends one or more Bundles to each Client based on their Investment Needs, which Clients can select at their sole discretion. The Adviser then monitors the allocation of securities within each Bundle and periodically rebalances the Bundle to maintain the target allocation. Clients may establish recurring purchase schedules for Bundles, with each purchase allocated according to the Bundle''s target allocations.

Bundles are generally thematic. The Bundles that the Adviser recommends to Clients will be based on each Client's Investment Needs and Client Profile. In general, the target composition and weightings of the securities in each Bundle are intended to be fixed and not change over time, subject to ongoing review by the investment committee. There may be scenarios where the assets, risk rating and/or allocations of securities within the Bundle need to be changed due to corporate actions, negative earnings reports, or other market events. The Adviser will typically review the Bundles on at least a quarterly basis, via the Investment Committee. The Investment Committee's objective is to create the investment philosophy for the advisor, create and manage strategic and tactical asset allocation models, portfolio construction and risk limits, investment selections and rebalancing protocols (amongst other things). Where a rebalance needs to occur more frequently than their quarterly meetings, an ad hoc meeting will be arranged.

The Adviser automatically rebalances the securities within each Bundle on a predetermined schedule intending to maintain the target allocations. This rebalancing will generally occur quarterly; however, certain Bundles may be subject to more frequent rebalancing. In either instance, the rebalancing cadence is disclosed to the Client upon selection of the Bundle. This rebalancing schedule is set by the Adviser, and cannot be altered by the Client. Clients may not opt out of automatic rebalancing. If a Client no longer wishes to participate in the Adviser's Bundles offering, the Client must sell the Bundle for proceeds in United States Dollars ("USD"), or dissolve the Bundle (at which point they would hold the positions in a self-directed capacity).

In order to access the Adviser's investment advisory services, Clients must first open a digital asset trading account (each a "Crypto Account") through the Platform. Such Crypto Accounts are opened with the Adviser's affiliate, Payward Interactive, Inc. ("Payward Interactive"), a FinCEN-registered money services business and state-licensed money transmitter, subject to eligibility based on state residency requirements. Payward Interactive provides digital asset custody, clearing, and settlement services to the Adviser's Clients. The digital assets of each Client, are held in the Crypto Account in the name of the Client.

Clients who wish to access Bundles must also open a securities brokerage account (each, a "Brokerage Account") through the Platform. Such Brokerage Accounts are opened with the Adviser's affiliate Kraken Securities LLC ("Kraken Securities"), an affiliated SEC-registered broker-dealer and member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and Securities Investor Protection Corporation ("SIPC"), which introduces Clients' securities transactions to Alpaca Securities LLC ("Alpaca"), an unaffiliated SEC-registered broker-dealer and member of FINRA and SIPC. Alpaca provides securities brokerage services to the Adviser and its Clients, including, but not limited to, custody, clearing, and settlement services for transactions effected by the Adviser through Clients' Brokerage Accounts. The securities of each Client are held in the Brokerage Account in the name of each Client.

During the period in which the Client holds the Bundle, the Adviser exercises discretionary authority, pursuant to which the Adviser will (1) place buy and sell orders to effect rebalancing transactions; and (2) place buy and sell orders to update the Bundle where the assets, allocations, or risk rating need to be changed due to corporate actions, negative earnings reports, or other market events. These transactions may occur without the Client's prior consent and approval for each buy and sell transaction.

**Portfolio Agent**

In addition to Bundles, the Adviser offers investment advisory services through an AI-based conversational agent (the "Portfolio Agent") accessible to Clients through the Platform. The Portfolio Agent collects each Client's Investment Needs through one or more guided conversations rather than through a static questionnaire. Based on the Client's Client Profile and

Investment Needs, the Portfolio Agent generates personalized portfolio recommendations comprising securities (including ETFs and individual equity securities).

The Portfolio Agent operates in two modes.

*Plan-and-Approve Mode (Non-Discretionary).* The Portfolio Agent proposes a portfolio plan and rebalance proposals, and the Client approves each before the Adviser executes the corresponding transactions. The Client may also configure recurring purchase schedules through the Portfolio Agent for securities in an approved portfolio plan.

*Autonomous Mode (Discretionary).* The Client provides the Portfolio Agent with a high-level mandate (for example, "build a growth portfolio"). Acting on that mandate, the Portfolio Agent builds, monitors, and rebalances the Client's Investment Account without per-transaction approval. The Client may modify or revoke the mandate through the Platform at any time.

As with Bundles, the Adviser does not verify the information Clients provide and will rely on the information Clients provide through the Platform. It is each Client's responsibility to promptly update his or her Client Profile and Investment Needs in the event of a change in circumstances.

Clients who access the Portfolio Agent must open a Crypto Account with Payward Interactive and a Brokerage Account with Kraken Securities, in each case as described above.

During the period in which the Client has an active mandate with the Portfolio Agent in Autonomous Mode, the Adviser exercises discretionary authority, pursuant to which the Adviser will (1) place buy and sell orders to build the Client's portfolio in accordance with the Client's mandate; (2) place buy and sell orders to effect rebalancing transactions; and (3) place buy and sell orders to update the portfolio where the assets, allocations, or risk rating need to be changed due to corporate actions, negative earnings reports, or other market events. These transactions may occur without the Client's prior consent and approval for each buy and sell transaction. In Plan-and-Approve Mode, the Adviser does not exercise discretionary authority and will not execute any transaction without the Client's prior approval.

## Item 5: Fees and Compensation

The Adviser does not charge an advisory fee in connection with its services. Notwithstanding the foregoing, the Adviser receives an indirect economic benefit for providing advisory services based on its affiliates' receipt of compensation from Clients as described below.

When Clients invest in a Bundle, Clients will incur certain costs in relation to the transaction, including costs payable to Kraken Securities and Alpaca in connection with securities transactions. Additional fees may apply depending on the method of funding the Bundle investment. Kraken Securities will also earn revenue from the equity securities traded and held, such as payment for order flow and fully paid stock lending. The Adviser indirectly benefits from its affiliates' receipt of these revenues.

Clients will also incur certain costs payable to third parties unaffiliated with the Adviser, such as Alpaca. The Adviser does not charge these to Clients and does not benefit directly from any such charges of such third parties. These charges include, but are not limited to, wire transfer fees, paper statement fees, and bounced check fees. The issuer of some of the securities purchased for Clients, such as ETFs, may charge product fees and expenses that affect Clients. An ETF typically includes embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison.

Clients may invest in Bundles using USD. Upon a Client's election to invest in a Bundle, the Adviser instructs Kraken Securities to effect the security purchase. After their initial deposit, Clients may make additional investments in a Bundle or in portfolios recommended or constructed by the Portfolio Agent through recurring or ad hoc contributions, subject to the Adviser's right to terminate its services.

Clients cannot hold excess funds in their Investment Account. Rather, the Investment Account is composed of the securities purchased as part of a Bundle or pursuant to the Portfolio Agent.

The Adviser andKraken Securitiesmay offer discounted rates to Clients in connection with their services with respect to Clients' Investment Accounts at their sole discretion. For example, Kraken+ subscribers may receive discounted fees for buying and selling Bundles and for transactions effected through the Portfolio Agent.

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

Neither the Adviser nor any of its supervised persons accept performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a Client.

## Item 7: Types of Clients

The Adviser generally provides investment advice to individuals who are eligible to open a Crypto Account with Payward Interactive and a Brokerage Account with Kraken Securities, and who opt to invest in a Bundle or to use the Portfolio Agent through the Platform. This includes individuals, including high-net-worth individuals, but not corporations.

The Adviser does not maintain requirements for opening or maintaining an Investment Account, such as a minimum account size. However, when investing in a Bundle or in a portfolio managed through the Portfolio Agent, the Client must invest an amount sufficient to satisfy the minimum purchase size of each constituent security ($1 notional).

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

### Methods of Analysis and Investment Strategies

The composition and weightings of the securities in each Bundle are determined by the Adviser. The Adviser's Investment Committee meets regularly to determine the composition of securities within each Bundle based on its objective.

As discussed in Item 4 above, the composition and weightings of each Bundle are intended to be fixed and not change over time. However, there may be scenarios where the allocations of securities within the Bundle will need to be changed due to corporate actions, negative earnings reports, or other market events. The Adviser automatically rebalances the securities within each Bundle on a predetermined schedule, set by the Adviser, intending to maintain the Bundle's target allocations. See Item 4 for more details.

For Portfolio Agent recommendations, the Adviser uses a large language model to generate personalized portfolio recommendations and rebalance proposals based on each Client's Client Profile and Investment Needs. In Plan-and-Approve Mode, the Portfolio Agent presents recommendations to the Client, and no transactions are executed until the Client approves. In Autonomous Mode, the Portfolio Agent executes transactions under the Client's standing mandate without per-transaction approval.

## **Risk of Loss**

Investing in securities involves risk of loss, including loss of principal, that clients should be prepared to bear.

Bundles selected by Clients and implemented by the Adviser will not be fully diversified. As such, Investment Accounts of Clients will be subject to general movements in the stock market, and the value fluctuations of each particular issuer's stock. The Adviser's advisory services should not be considered comprehensive financial or tax planning or legal advice, and Clients are advised and afforded the opportunity to seek the advice and counsel of the Client's own tax, financial, and legal advisers. Furthermore, neither the Adviser nor any of its affiliates are responsible for withholding any tax penalties that may apply to Client Accounts or for any state or federal income tax withholding, except as may otherwise be required by applicable law. The Adviser's services are not a complete investment program, and Clients should not use them as the sole component of their investment plan.

The Adviser does not guarantee the future performance of any Client's Investment Account. The Adviser's investment decisions and actions will not always be profitable. Investments in the securities recommended by the Adviser are subject to substantial risk, including various market, currency, economic, political, and business risks.

Bundles include securities. The price of any security can decline for a variety of reasons outside of the Adviser's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. High volatility and/or the lack of deep and active liquid markets may prevent the sale of a Client's  securities at all, or at an advantageous time or price because Clients may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. Accordingly, there is no guarantee that a Client's use of the services will necessarily produce the intended results. A Client might not achieve his or her investment objectives. Clients may lose some or all of the amount invested.

When evaluating risk, financial loss may be viewed differently by each Client and may depend on many different risk items, each of which may affect the probability of adverse consequences and the magnitude of any potential losses.

The following risks are not all-inclusive but should be considered carefully by a prospective Client before utilizing the Adviser's services. These risks should be considered as possibilities, with additional regard to their actual probability of occurring and the effect on a Client if there is, in fact, an occurrence.

- *Market Risk:* The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. If a Client has a high allocation in a particular asset/class, it may negatively affect overall performance to the extent that the asset/class underperforms relative to other market assets. Conversely, a low allocation to a particular asset class that outperforms other asset/classes in a particular period may cause that Investment Account to underperform relative to the overall market.
- *Investment Risk:* There is no guarantee that the Adviser's judgment or investment decisions about particular securities and asset classes will necessarily produce the

intended results. Such judgment may prove to be incorrect, and a Client might not achieve his or her investment objectives. In addition, it is possible that Clients or the Adviser itself may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to the Adviser's software-based financial service.

- *Volatility and Correlation Risk:* Clients should be aware that the Adviser's asset selection process may be based in part on a careful evaluation of past price performance and volatility in order to evaluate future probabilities. However, it is possible that different or unrelated asset/classes may exhibit similar price changes in similar directions which may adversely affect a Client and may become more acute in times of market upheaval or high volatility. Past performance is no guarantee of future results, and any historical returns, expected returns, or probability projections may not reflect actual future performance.
- *Equity-Related Risk:* Investing in individual companies involves investments in common stocks and is subject to the volatility and individual risks associated with those stocks. These price movements may result from factors affecting individual companies, industries, or the securities market as a whole. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. In addition, the equity market tends to move in cycles, which may cause stock prices to fall over short or extended periods of time.
- *Concentration of Investments:* Investment Accounts implemented based on the Adviser's advice may hold a relatively small number of security positions, which will expose the portfolio to the particular industry or market sector the security represents and the value of the specific company. Losses in one or more positions, or a downturn in an industry or market sector in which the company participates, could adversely affect the portfolio's performance in a particular period. Such limited diversification may heighten the concentration of risk, which, in turn, could expose the Client to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements with respect to investments.
- *ETF Risks, including Net Asset Valuations and Tracking Error:* ETF performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because (i) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; (ii) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and (iii) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depository Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations or valuation may be limited or inaccurate. ETFs typically include embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Expenses of the fund may include investment adviser management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer. ETF tracking error and expenses may vary. Shareholders are also liable for taxes on any fund-level capital gains, as ETFs are required by law to

distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

- *Reliance on Management and Other Third Parties:* ETF investments will rely on third-party management and advisers. The Adviser will not have an active role in the day-to-day management of fund investments. Carried interest and other incentive distributions to fund management may create an incentive towards more speculative investments than would otherwise have been made.
- *Liquidity and Valuation Risk:* High volatility and/or the lack of deep and active liquid markets for a security may prevent the sale of a Client's securities at all, or at an advantageous time or price because the Client may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. Some securities (including ETFs) that hold or trade financial instruments may be adversely affected by liquidity issues as they manage their portfolios. Clients may from time to time receive or use inaccurate data, which could adversely affect security valuations, and transaction size for purchases or sales.
- *Credit Risk:* Clients are exposed to the risk that financial intermediaries or issuers may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy, or insolvency, any of which may affect portfolio values or management. This risk applies to assets on deposit with Alpaca, notwithstanding asset segregation and insurance requirements applicable to securities. In addition, exchange trading venues or trade settlement and clearing intermediaries could experience adverse events that may temporarily or permanently limit trading or adversely affect the value of securities held by Clients. Finally, any issuer of securities may experience a credit event that could impair or erase the value of the issuer's securities held by a Client.
- *Legislative and Tax Risk:* Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser or securities trading regulation; changes in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization, and/or tax reporting obligations.
- *Inflation, Currency, and Interest Rate Risks:* Security prices and Investment Account values and returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. The liquidity and trading value of foreign currencies could be affected by global economic factors, such as inflation, interest rate levels, and trade balances among countries, as well as the actions of sovereign governments and central banks. In addition, the relative value of the U.S. dollar-denominated assets managed by Clients may be affected by the risk that currency devaluations affect their purchasing power.
- *Market Volatility:* General economic conditions have an impact on the success of the Adviser's investment strategies. Changing external economic conditions in the U.S. and global economics could have a significant impact on the success of the Platform and Clients' investments. The stability and sustainability of growth in global economies may be impacted by terrorism or acts of war. There can be no assurance that such markets and economic systems will be available for issuers of securities available via the

Platform to operate. Changing economic conditions, thus, could potentially adversely impact the valuation of Clients' investments in securities via the Platform.

- *Automated and AI-Based Investing:* For Bundles, the Adviser relies on Client Profile questionnaires consisting of a limited number of questions. The questions may not capture all of a Client's circumstances. For the Portfolio Agent, the Adviser relies on guided conversations and a large language model to interpret each Client's Investment Needs and to generate portfolio recommendations. In Autonomous Mode, the Adviser uses the Portfolio Agent to execute transactions under a Client's standing mandate without per-transaction approval. Conversational data collection and model-generated recommendations may fail to capture an individual Client's needs accurately or completely. The Adviser does not, at this time, make investment advisory personnel available to Clients to highlight or explain important concepts or to clarify the details of a specific Client's financial goals and needs. Online and electronic interactions are limited compared to face-to-face individual advice.
- *Operational Risk:* Operational risk is the exposure to the chance of loss arising from shortcomings or failures in internal processes or systems of the Adviser, Alpaca, or Payward Interactive, external events impacting those systems, and human error. A Client's Investment Account may suffer a loss arising from shortcomings or failures in internal processes, people or systems, or from external events. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures.
- *Trade Errors and Mistakes:* Trade errors and other operational mistakes ("Operating Events") occasionally may occur in connection with the Adviser's services with respect to Clients' Investment Accounts. The Adviser has policies and procedures that address identification and correction of Operating Events. An Operating Event generally is compensable by the Adviser to a Client when it is a mistake (whether an action or inaction) in which the Adviser has, in the Adviser's reasonable view, deviated from the applicable standard of care in advising a Client's Investment Account, subject to the considerations set forth below.

Operating Events may include, but are not limited to, the following: (i) the placement of orders (either purchases or sales) in excess of the amount intended to trade for a Client's Investment Account; (ii) the purchase (or sale) of an asset when it should have been sold (or purchased); (iii) a purchase or sale not intended for the Client's Investment Account; and (iv) incorrect allocations of trades. Operating Events can also occur in connection with other activities that are undertaken by the Adviser, such as fee calculations, and other matters that are non-advisory in nature.

The Adviser makes its determinations regarding Operating Events pursuant to its policies on a case-by-case basis, in its discretion, based on factors it considers reasonable, including regulatory requirements, contractual obligations, and business practices. Not all Operating Events will be considered compensable mistakes.

Relevant factors the Adviser considers when evaluating whether an Operating Event is compensable include, among others, the nature of the service being provided at the time of the event, specific applicable contractual and legal requirements and standards of care, whether an applicable investment guideline was contravened, and the nature of the relevant circumstances.

Operating Events may result in gains or losses or could have no financial impact. Clients are entitled to retain any gain resulting from an Operating Event. Operating Events involving erroneous transactions in Clients' Investment Accounts generally are corrected in accordance with the procedures established by the Adviser, Custodian, and/or Payward Interactive.

When the Adviser determines that reimbursement by the Adviser is appropriate, the Client will be compensated as determined in good faith by the Adviser. The Adviser will determine the amount to be reimbursed, if any, based on what it considers reasonable guidelines regarding these matters in light of all of the facts and circumstances related to the Operating Event. In general, compensation is expected to be limited to direct and actual losses, which may be calculated relative to comparable conforming investments, market factors and benchmarks and with reference to related transactions, and/or other factors the Adviser considers relevant. Compensation generally will not include any amounts or measures that the Adviser determines are speculative or uncertain.

- *Cybersecurity Risks:* The Adviser and its 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, but unintentional events may have similar effects. Cyber-attacks may cause losses to the Adviser's Clients by interfering with the processing of transactions, affecting the Adviser's 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 the Adviser 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 the Adviser has established business continuity plans, incident response plans 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 cybersecurity risks also are present for issuers of securities in which Clients invest, which could result in material adverse consequences for such issuers and may cause a Client's investment in such securities to lose value.
- *Catastrophic Risks:* The Adviser may be subject to the risk of loss arising from direct or indirect exposure to a number of types of other catastrophic events, including without limitation (i) public health crises, such as the novel COVID-19 pandemic, outbreaks of SARS, H1N1/09 influenza, avian influenza, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof; or (ii) other major events or disruptions, such as hurricanes, earthquakes, tornadoes, fires, flooding and other natural disasters; acts of war or terrorism, including cyberterrorism; or major or prolonged power outages or network interruptions. The extent of the impact of any such catastrophe or other emergency on the Adviser's and/or a Client's operational and financial performance and each Client's investments will depend on many factors, including the duration and scope of such emergency, the extent of any related travel advisories and restrictions, the impact on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. In particular, to the extent that any such event occurs and has a material effect on global financial markets or specific markets in which a Client

participates (or has a material effect on any locations in which the Adviser operates or on any of its personnel) the risks of loss could be substantial and could have a material adverse effect on Clients or the ability of the Adviser to fulfill its investment objectives on behalf of its Clients.

- *AI and Generative Model Risk:* The Portfolio Agent uses a large language model to generate recommendations and, in Autonomous Mode, to execute transactions. Large language models may produce outputs that are inaccurate, inconsistent, biased, or unsupported by underlying data, including outputs commonly referred to as "hallucinations." Model outputs may vary between sessions for similar inputs and may degrade over time. As a result, Clients may receive recommendations or, in Autonomous Mode, have transactions executed that do not align with their Investment Needs.
- *Conversational Risk Profiling Risk:* The Portfolio Agent collects each Client's risk tolerance and Investment Needs through guided conversation rather than through a static questionnaire. Conversational data collection may produce a risk classification that differs from the result a structured questionnaire would have produced. The resulting classification may not accurately reflect a Client's actual risk tolerance or circumstances.
- *Plan-and-Approve Reliance Risk:* In Plan-and-Approve Mode, the Portfolio Agent presents recommendations and rebalance proposals to each Client for approval. Clients may approve recommendations they do not fully understand or that do not align with their Investment Needs. The explanations and disclosures provided within the Portfolio Agent are limited compared to those a Client would receive through face-to-face individual advice.
- *Approval Pattern Learning Risk:* The Portfolio Agent may incorporate a Client's prior approval patterns when generating future recommendations. Reliance on prior approvals may amplify earlier biases or errors and may cause the Portfolio Agent to surface recommendations that align with a Client's past behaviour rather than the Client's stated Investment Needs.
- *Autonomous Mode Risk:* In Autonomous Mode, the Portfolio Agent executes transactions under a Client's standing mandate without obtaining per-transaction consent. The Portfolio Agent's interpretation of the mandate may diverge from the Client's intent over time, particularly as market conditions or the Client's circumstances change. Transactions effected under the mandate may produce tax consequences or losses the Client did not anticipate. Clients are responsible for reviewing their mandate and modifying or revoking it through the Platform when their circumstances change.

The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved in investing in securities through the Platform. As investment strategies develop and change over time, Clients may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

## Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a Client or prospective Client's evaluation of the Adviser's advisory business or the integrity of its management requiring disclosure in response to this Item.

## Item 10: Other Financial Industry Activities and Affiliations

As set forth in Item 4 above, the Adviser is principally owned by Kraken. The Adviser is affiliated with Kraken Securities LLC ("Kraken Securities"), an SEC-registered broker-dealer and member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and Securities Investor Protection Corporation ("SIPC"). Kraken Securities acts as introducing broker for Clients' Brokerage Accounts and introduces Clients' securities transactions to Alpaca Securities LLC ("Alpaca"), an unaffiliated SEC-registered broker-dealer and member of FINRA and SIPC. Kraken Securities receives compensation in connection with Clients' securities transactions placed by, or administered by, the Adviser through Alpaca. A conflict of interest exists because the Adviser has an indirect incentive to use Kraken Securities as the introducing broker for its Clients' Investment Accounts, as any compensation paid by Alpaca to Kraken Securities for servicing these accounts will benefit an affiliate of the Adviser rather than an unaffiliated broker-dealer. Accordingly, the Adviser has an incentive to recommend the continued use of Kraken Securities for introducing brokerage services and to recommend that Clients engage in additional transactions through Kraken Securities. The Adviser has adopted policies and procedures designed to address and mitigate such conflicts of interest and ensure its recommendations are in its Clients' best interests, including the Client account review procedures described in Item 13, below.

Lastly, the Adviser is affiliated with Ninja Trader Clearing LLC, d/b/a/ Kraken Derivatives US ("Kraken Derivatives US"), a futures commission merchant registered with the Commodity Futures Trading Commission and a member of the National Futures Association (NFA ID #0309379). Kraken Derivatives US does not derive any direct economic benefit from trades executed with respect to Bundles.

The Portfolio Agent recommends, and in Autonomous Mode executes, transactions in securities through the same affiliates described above. The Adviser’s recommendations and Autonomous Mode transactions through the Portfolio Agent therefore present the same conflicts of interest described in this Item. These conflicts are addressed through the same policies, procedures, and Client account review procedures referenced in this Brochure.

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

The Adviser has adopted a Code of Ethics ("Code") as required by the applicable securities laws. The Code establishes and reinforces a standard of business conduct expected of its supervised persons and provides specific guidance related to managing conflicts of interest and the Adviser’s fiduciary duty to its Clients. This includes procedures relating to: (i) the confidentiality of Client information; (ii) a prohibition on insider trading; (iii) a prohibition of rumor mongering; (iv) restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items; (v) personal securities trading procedures; and (vi) reporting of internal violations of the Code, among other things. All supervised persons at the Adviser must acknowledge the terms of the Code annually, or as amended.

The Adviser will provide a copy of its Code to Clients and prospective Clients upon request. To request a copy of the Code, please contact the Adviser at the Customer Support Center.

## Item 12: Brokerage Practices

With respect to securities transactions, Alpaca establishes and carries Clients’ Investment Accounts that hold Clients’ securities through the Platform and records Client transactions. Securities orders placed by the Adviser for Clients are expected to be placed with Kraken Securities and introduced to Alpaca and effected by the Adviser manually and/or through electronic trading systems maintained by Kraken Securities and Alpaca, designed to execute such transactions.

Transactions effected by the Adviser through the Portfolio Agent, whether in Plan-and-Approve Mode following Client approval or in Autonomous Mode under a Client mandate, are routed through the same channels described above. Securities orders are placed with Kraken Securities and introduced to Alpaca.

## Item 13: Review of Accounts

The Adviser reviews its recommendations to Clients, including its Bundle recommendations and the recommendations generated by the Portfolio Agent, no less than quarterly. Such reviews are conducted by the Adviser's Chief Compliance Officer in conjunction with the Adviser's Investment Committee, and may be conducted on a sampling basis. Portfolio Agent reviews assess whether the recommendations generated for each sampled Client are consistent with that Client's Client Profile and Investment Needs.

The Adviser's algorithm updates the Adviser's recommendations of Bundles whenever Clients update their Client Profile through the Platform. The Portfolio Agent generates updated recommendations for each Client based on the Client's interactions with the Portfolio Agent and updates to the Client's Client Profile and Investment Needs.

The Adviser provides information regarding Clients' current holdings in their Investment Account via the Platform. Clients will receive account statements from Kraken Securities/Alpaca reflecting the purchase or sale of any securities. Clients should compare the account statements they receive from Kraken Securities/Alpaca with respect to information about their securities holdings and transactions to the information provided by the Adviser via the Platform.

## Item 14: Client Referrals and Other Compensation

The Adviser does not receive any economic benefit from third parties for providing investment advice or other advisory services to Clients.

The Adviser may engage in referral and incentive-based marketing strategies in the future, including client referral programs, affiliate marketing arrangements and promotional trading incentives.

- *Client Referral Programs*: The Adviser may implement referral programs under which existing clients are provided with a reward for referring new users to the Bundles product. Such programs may condition the reward on the referred individual opening a new account and executing a qualifying transaction, such as purchasing a minimum value of a Bundle. Any such referral program will be designed to comply with Rule 206(4)-1 of the Investment Advisers Act of 1940, including updated requirements under the amended marketing rule governing endorsements and testimonials.
- *Affiliate Marketing*: The Adviser may engage in affiliate marketing arrangements with third parties who are compensated for directing traffic or users to the Bundles product. Such compensation may be provided in the form of flat fees, revenue-sharing, or cost-per-action structures. Affiliates are required to disclose their relationship with the Adviser, and all related advertisements will be subject to the Adviser's oversight and compliance framework to ensure compliance with the Investment Advisers Act and other applicable regulations.

- *Trading Incentives and Promotions*: The Adviser may run promotions that reward clients for specific activity relating to the Bundles product. Examples include trading fee rebates, eligibility for a randomized prize draw (i.e., sweepstakes), or other loyalty-based incentives. These rewards may be structured so that purchasing or trading a Bundle is a condition for entry into the promotion or for receiving certain benefits. Other incentives may include early access to new features, token listings, or participation in airdrops. All such programs will be designed to comply with relevant securities laws, anti-fraud rules, and state-level sweepstakes requirements.

## Item 15: Custody

The Adviser does not have physical custody of Clients' funds or securities.

As set forth in Item 13 above, Clients will receive account statements from Kraken Securities via Alpaca for their securities positions. Statements on crypto positions and cash balances are provided by Payward Interactive. Clients should compare the account statements they receive from Kraken Securities and Payward Interactive for information about their holdings and transactions to the information provided about their holdings and transactions via the Platform.

## Item 16: Investment Discretion

The Adviser provides both discretionary and non-discretionary investment advisory services to Clients.

For *Bundles*, the Adviser provides discretionary services pursuant to which it will effect transactions for securities without the Client's consent and approval for each transaction. Specifically, the Adviser automatically rebalances the securities within each Bundle on a predetermined schedule intending to maintain the target allocations. Clients may not opt out of automatic rebalancing. Clients may terminate their investment in a Bundle by dissolving the Bundle or selling the assets within it for USD.

For the *Portfolio Agent* in Plan-and-Approve Mode, the Adviser provides non-discretionary services. The Portfolio Agent proposes portfolio plans and rebalance proposals, and the Adviser will not execute any transaction without the Client's prior approval.

For the *Portfolio Agent* in Autonomous Mode, the Adviser provides discretionary services pursuant to a high-level mandate provided by the Client. Acting on that mandate, the Adviser builds, monitors, and rebalances the Client's Investment Account, including effecting transactions in securities, without obtaining the Client's prior consent or approval for each transaction. The Client may modify or revoke the mandate through the Platform at any time.

## Item 17: Voting Client Securities

The Adviser does not have authority to vote on Clients' securities. Clients will receive their voting proxies or other client communication for securities directly from Alpaca, a transfer agent, or from the Adviser. The Adviser does not advise Clients on how to respond to questions about particular proxies or solicitations.

## Item 18: Financial Information

The Adviser does not charge an advisory fee in connection with its services, nor require or solicit any prepayment in fees. The Adviser is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten (10) years.