

# Form ADV Part 2A Disclosure Brochure

Date: January 30, 2024.

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## Octo Capital, LLC

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Bingham Farms, MI 48025  
Phone: 248-731-7729  
[www.octo-capital.com](http://www.octo-capital.com)

The firm's CRD number: 174351

This brochure provides information about Octo Capital, LLC's qualifications and business practices. Octo Capital, LLC is a registered investment adviser. Being registered as a registered investment adviser does not imply a certain level of skill or training. 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. If you have any questions about the contents of this brochure, please contact us at 248-731-7729 or by email at [dshub@octo-capital.com](mailto:dshub@octo-capital.com).

Additional information about Octo Capital, LLC (Firm CRD #174351) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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## Item 2 | Material Changes

This Item provides a summary of any material changes made to this Brochure that reflect changes in our business practices, regulations, and routine annual updates as required by the securities regulators.

Octo Capital, LLC may, at any time, update this Brochure and either send clients a copy or offer to send clients a copy (either by electronic means such as email or client portal or in hard copy form). Pursuant to rules and regulations, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year.

Since the last update of this Brochure on September 16, 2023, Octo Capital has updated the following items:

- Item 4 | Advisory Business. There has been no change in actual Advisory Services provided to current and future clients, only a clearer description of the Advisory Services offered
  - Updated paragraph language: Discretionary Investment Advisory and Portfolio Management
  - Added or revised paragraphs: Limitation of planning and non-investment consulting/implementation services, No Tax or Legal Advice, Cash positions, Comprehensive Reporting and Financial Planning Services Account Aggregation, Other Assets, Cybersecurity Risk, Client Obligations
- Item 8 | Methods of Analysis, Investment Strategies, and Risk of Loss - updated to provide a better description of investment risk
- Item 13 | Review of accounts - updated to provide a clearer description

At any time, you may also view a current Brochure for Octo Capital on the SEC's public website at <https://adviserinfo.sec.gov/>. Alternatively, you can always request a copy of the most recent Brochure free of charge by contacting us at:

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## Item 4 | Advisory Business

### Firm Description

Octo Capital, LLC (“Advisor” / “Octo Capital”) was founded in June 2013 and began offering investment advisory services in January 2015. Daniel B. Shub, Managing Member and Chief Compliance Officer, is Octo Capital’s principal owner and is the sole Member and Manager of Octo Capital, LLC.

As of December 31, 2023, Octo Capital had \$108,122,548 in assets under management on a discretionary basis and \$637,101 in assets under management on a non-discretionary basis for a total of \$108,759,649.

### Advisory Services

As a Registered Investment Adviser, Octo Capital has a fiduciary duty to its clients. Octo Capital provides ongoing investment advisory, portfolio management, financial planning, and consulting services to individuals, families, and ERISA retirement plans.

### Discretionary Investment Advisory and Portfolio Management

Discretionary investment advisory and portfolio management, provided under Octo Capital’s Investment Advisory Agreement, include initially reviewing clients’ existing investment portfolios and other data, developing an investment policy statement, building portfolio recommendations consistent with clients’ stated financial objectives, and implementing these recommendations at a third-party custodian (Schwab).

Discretionary investment advisory and portfolio management also include the ongoing monitoring of the investment portfolio, asset allocation analysis, rebalancing, tax-loss harvesting recommendations, and, to the extent specifically requested by the client, financial planning and consulting services.

We manage your account(s) on a discretionary basis, which means you give us the authority to purchase or sell securities for your account(s) at our discretion as outlined in your written Investment Policy Statement (“IPS”). The IPS and your financial profile are discussed regularly with you, which does not necessarily result in a written document. The IPS will be updated from time to time upon your request or when we determine it to be necessary or advisable based on updates to your financial or other circumstances.

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Investment recommendations are primarily limited to open-end mutual funds and exchange-traded funds, but we also serve to help clients with existing positions in individual stocks. We do not advise our clients to invest in individual stocks or borrow against assets.

All client portfolios are customized and built for each individual relationship, although many clients will hold similar securities and allocations. The portfolio construction process begins with a discussion of the client's goals and risk tolerance to determine a suitable long-term investment portfolio. We do not participate in wrap fee programs, and investment management fees are not linked to a client's portfolio performance.

### Initial and Ongoing Financial Planning and Consulting Services

Financial planning and consulting services include retirement income planning, cash flow planning, tax planning, education funding planning, stock compensation planning, insurance needs analysis, multi-generational financial planning, philanthropic planning, and collaboration with your CPA and estate planning professionals as necessary. Financial planning and consulting services are not offered as a standalone service and are only offered in conjunction with ongoing discretionary investment advisory and portfolio management services.

### Types of Investments

Octo Capital will create and manage your investment account(s) using diversified mutual funds and ETFs (Exchange Traded Funds). We may use model portfolios if a model matches your financial goals and investment objectives; otherwise, we may customize any model to match your financial goals and investment objectives. Most mutual funds and exchange-traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by Octo Capital independently of engaging Octo Capital as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Octo Capital's initial and ongoing investment advisory services. Octo Capital also uses mutual funds advised by Dimensional Fund Advisors ("DFA"). DFA mutual funds are generally only available through registered investment advisers approved by DFA. If a client terminates Octo Capital's services, restrictions regarding additional purchases of or reallocation, among other DFA funds can apply. In addition to Octo Capital's investment advisory fee described below and transaction and/or custodial fees discussed above, clients will also incur, relative to all mutual fund and exchange-traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

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The firm does not sell commissioned products. The firm's managing member is affiliated with entities that can assist with the purchase of the insurance products; this creates a conflict of interest (See Item 10 for additional Information).

## ERISA Accounts

Octo Capital hereby acknowledges that it is a "fiduciary" when the firm's services are subject to the provisions of ERISA of 1974, as amended.

## Retirement Plan Rollovers

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Octo Capital recommends that a client roll over their retirement plan assets into an account to be managed by Octo Capital, such a recommendation creates a conflict of interest if Octo Capital will earn new (or increase its current) compensation as a result of the rollover. If Octo Capital provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), Octo Capital is acting as a fiduciary 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. No client is under any obligation to roll over retirement plan assets to an account managed by Octo Capital, whether it is from an employer's plan or an existing IRA. Octo Capital's Chief Compliance Officer, Daniel Shub, is available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such a rollover recommendation. (See Item 20 – Additional Information).

## Newsletters

Octo Capital may provide newsletters to clients. Newsletters are educational and informational; no recommendations or personalized investment advice is given. Newsletters are provided free of charge.

## Limitations by Custodian

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We require you to establish your investment account(s) with Schwab Advisor Services, a division of Charles Schwab & Co., Inc. ("Schwab"). Schwab is a registered broker-dealer, Members FINRA/SIPC. Schwab is a qualified custodian for Octo Capital client accounts. Octo Capital may be limited to the investment securities available to transact through Schwab.

## Wrap Fee Programs

We do not offer or manage your account(s) as part of a wrap or bundled fee program.

## No Legal or Tax Advice

We are not an accounting firm nor a legal firm, and any information pertaining to accounting or legal issues should not be interpreted as accounting, tax advice, or legal advice. You should seek the counsel of a qualified accountant, CPA, and/or attorney when necessary or appropriate for legal and/or tax advice. Tax planning provided by Octo Capital is general in nature and is not the same as tax advice. We do not offer tax preparation services. The tax planning estimates prepared in conjunction with the financial planning services are designed to review and examine the potential outcomes of implementing various strategies and must be verified and confirmed by a qualified tax professional prior to implementation.

## Limitations on Investment Securities

We typically do not invest in individual securities except liquidating legacy securities purchased in the client's accounts before engaging our services. When requested by the client, we may occasionally purchase individual fixed-income securities in the client's accounts, such as a CD or individual bonds. Clients may impose restrictions on investing in certain securities or types of securities.

## Limitations of Planning and Non-investment Consulting/Implementation Services

To the extent requested by the client, Octo Capital will generally provide financial planning and related consulting services. Octo Capital will provide such consulting services inclusive of its advisory fee specified in the investment Advisory Agreement. Octo Capital believes that it is important for the client to address financial planning issues on an ongoing basis. Octo Capital's advisory fee will remain the same regardless of whether or not the client determines to address financial planning issues with Octo Capital.

## Cash Positions

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Octo Capital continues to treat cash as an asset class. As such, unless determined to the contrary by Octo Capital, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Octo Capital's advisory fee where it is applied as a percentage of assets under management in lieu of the flat fee arrangement. 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), Octo Capital may maintain cash positions for defensive purposes. In addition, each managed account has approximately one to two percent of the account value allocated to cash at all times. While assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Octo Capital's advisory fee could exceed the interest paid by the client's money market fund.

### Advisory Agreement

Both parties may terminate advisory services with seven (7) days' written notice. Agreements may not be assigned without written client consent.

### Comprehensive Reporting and Financial Planning Services Account Aggregation

Octo Capital, in conjunction with the services utilized and provided by Capitect ("Client Portal") and RightCapital ("Financial Planning Portal"), may also provide periodic comprehensive reporting and financial planning services, which can incorporate all of the client's investment assets including those investment assets that are not part of the assets managed by Octo Capital (the "Excluded Assets"). The client and/or the client's other advisors that maintain trading authority, and not Octo Capital, shall be exclusively responsible for the investment performance of the Excluded Assets. Unless otherwise specifically agreed to in writing, Octo Capital's service relative to the Excluded Assets is limited to reporting only. The sole exception to the above shall be if Octo Capital is specifically engaged to monitor and/or allocate the assets within the client's 401(k) account maintained away at the custodian directed by the client's employer. As such, except with respect to the client's 401(k) account (if applicable), Octo Capital does not maintain any trading authority for the Excluded Assets. Rather, the client and/or the client's designated other investment professional(s) maintain supervision, monitoring, and trading authority for the Excluded Assets. If Octo Capital were asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and Octo Capital shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that Octo Capital provide investment management services for the Excluded Assets, the client may engage Octo Capital to do so pursuant to the terms and conditions of the Investment Advisory Agreement



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between Octo Capital and the client. In addition, Octo Capital shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the Right Capital platform without Octo Capital's assistance or oversight.

## Other Assets

A client's account(s) may hold securities that were purchased at the request of the client or acquired prior to the client's engagement of Octo Capital. There may be other securities owned by the client for which Octo Capital does not maintain custodian access and/or trading authority. Generally (with potential exceptions), Octo Capital does not/would not recommend nor follow such securities, and absent mitigating tax consequences or client direction to the contrary, would prefer to liquidate such securities. Contrary to those investment assets that Octo Capital manages for the client, Octo Capital does not monitor such securities on an ongoing and continuous basis. However, Octo Capital shall (1) consider these securities as part of the client's overall financial plan and asset allocation, (2) include such securities on the client's performance reports, and (3) include the market value of all such securities for purposes of calculating its advisory fee. Please also note: If/when liquidated, it should not be assumed that the replacement securities purchased by Octo Capital will outperform the liquidated positions. To the contrary, different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Octo Capital) will be profitable or equal any specific performance level(s).

In addition, clients may have "self-directed" accounts with Octo Capital. "Self-directed" accounts are defined as accounts where the client maintains trading authority and performs trading of the securities at his/her own discretion. The client trading in the "self-directed" account, and not Octo Capital, shall be exclusively responsible for the investment performance of the account. Octo Capital does not supervise the investments inside these accounts, nor do we check for the suitability of the investments. Octo Capital may report on the performance as a part of the Client Portal offering, which does not mean that Octo Capital is responsible for the account. In addition, Octo Capital can be listed on the custodian statement as an advisor; this does not automatically imply that Octo Capital is responsible for monitoring, advising, or any adverse results a client may experience with the self-directed account.

## Cybersecurity Risk

The information technology systems and networks that Octo Capital and its third-party service providers use to provide services to Octo Capital's clients employ various controls, which are

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designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Octo Capital's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Octo Capital are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including, for example, financial losses, cost, and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Octo Capital has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that Octo Capital does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

## Client Obligations

In performing its services, Octo Capital will not be required to verify any information received from the client or from the client's other designated professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Octo Capital if there is ever any change in their financial situation or investment objective(s) for the purpose of reviewing, evaluating, or revising Octo Capital's previous recommendations and/or services.

## Item 5 | Fees and Compensation

Our compensation philosophy is a function of our advice-centric business model. This is an important distinction when comparing to firms that follow an asset-centric or asset-gathering model.

Octo Capital is compensated only by the fees paid by its clients. Octo Capital is not affiliated with a broker/dealer and, as such, does not carry licenses necessary to receive securities commissions.

We charge a flat fixed fee for a combined Investment and Financial Advisory service. A percentage of portfolio size does not apply. The fee is negotiated individually and generally ranges between \$4,000 and \$10,000 per year depending on the scope of the services provided, complexity, time involvement, number and type of accounts, number of objectives, number of individuals, ongoing

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administrative needs, and/or other miscellaneous requirements. The annual fees are pro-rated and paid in advance on a quarterly basis.

In addition, we reserve the right to offer the advisory fee based on a percentage of assets under management ("AUM") instead of a flat fixed fee, equal to 1.00% – 1.25% per annum, in situations where a flat fixed fee may not be appropriate (e.g., the minimum fixed fee exceeds 1.25% of assets to be managed).

We reserve the right to charge less or more for engagements where deemed appropriate. Many long-term clients pay lower fees than the current standard rates. Clients who hired Octo Capital before adopting the current fee schedule are billed an advisory fee based on the fee schedule reflected in their Investment Advisory Agreements.

We may change fees in response to operational efficiency and to maintain quality client service. Any increases or decreases in the fee require a 30-day prior notice to you and your acknowledgment and agreement in writing.

For the initial billing period, the fee is prorated for the remainder of the quarter (if services commenced in the middle of a calendar quarter); this prorated fee is billed on the first business day of the month following the commencement of services. Should a client terminate the relationship with Octo Capital, the unearned portion of the fee will be refunded. Clients terminating their contract with Octo Capital within the first five days are entitled to a full refund.

Clients may elect to pay this fee directly or have the fee deducted quarterly from investment accounts. The Custodian will deduct the fee for the Account upon receipt of the invoice or shortly thereafter.

Octo Capital's negotiable annual advisory fee will be subject to the terms and conditions of the Investment Advisory Agreement, depending upon various factors. As a result of these factors, similarly situated clients could pay different fees. Moreover, the services to be provided by Octo Capital to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

Octo Capital does not provide Financial Planning and Consulting Services on a stand-alone project-based basis. Financial Planning and Consulting Services are included for clients hiring Octo Capital for ongoing Investment and Financial Advisory services. Services include but are not limited

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to a thorough review of all applicable topics, including Retirement, Cash Flow Analysis, Estate Planning, Investments, Tax Planning, and Insurance.

## Other Fees and Expenses

All fees paid to Octo Capital are separate and distinct from the fees and expenses charged by mutual funds and ETFs to shareholders or any transaction fees charged by the custodian(s). Mutual fund and ETF expenses are described in each fund's prospectus. These expenses will generally include the mutual fund and/or ETF management fee and other fund expenses.

Clients may incur fees from the custodian selected to provide record-keeping, tax reporting, and statement production services. These fees may include IRA and retirement account annual fees, nominal trade ticket charges, or banking fees. No portion of these fees is retained by or remitted to Octo Capital.

## Item 6 | Performance-Based Fees

Octo Capital does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets).

## Item 7 | Types of Clients

Octo Capital offers its Advisory Services for a wide variety of clients, including individuals, high-net-worth individuals, trusts, foundations, estates, business entities, qualified retirement plan sponsors, and charitable organizations.

We do not require a minimum to open an account. However, we may review the situation on an individual basis to ensure we can provide services in the client's best interest.

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

Our investment services are largely based on academic research and evidence-based strategies. Research proves that passive index investing works for all investors, regardless of size or scope. Our investment strategy begins with a general long-term acceptance of the Efficient Market Hypothesis, which states that the primary driver of a portfolio's risk and return characteristics is determined by asset allocation and not security selection or market timing. As countless studies have proven, active

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management as a whole underperforms the market portfolio, and attempting to pick investments or investment managers that will outperform the market is more an act of luck than skill. To protect our clients from the needless costs of active management and the inevitable underperformance that results, clients are advised to invest in passive strategies, also known as index funds. Using the knowledge and tools provided by financial science, we build portfolios with focused exposure to key “factors” of returns, such as company size, relative price (value), profitability, and momentum. This exposure largely determines a portfolio’s risk and return. The primary vehicles recommended to Octo Capital clients are institutional-class mutual funds and exchange-traded mutual funds.

As with any stock-based investment, mutual funds, including passively managed mutual funds, carry the risk of losses. There can be no guarantee that an investment strategy will meet its objectives or not suffer losses. Past performance may not be indicative of future results. While we can reduce company-specific risk through diversification, eliminate manager risk with passive portfolios, and reduce overall portfolio volatility with a broad mix of stocks, bonds, and other assets, we cannot eliminate the risk of fluctuation that comes with investing in stocks and bonds. In any given week, month, or year, it is possible that an investor’s portfolio value could be less than the previous period. The Efficient Market Hypothesis dictates that this market risk offers investors potential long-term rewards, so we aim to reduce other previously mentioned risks wherever possible.

**Market Risk** - The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors (such as economic or political factors), but may also be incurred because of a security’s specific underlying investments. Additionally, each security’s price can fluctuate based on market movement, which may or may not be due to the security’s operations or changes in its true value. For example, political, economic, and social conditions may trigger market events which are temporarily negative or temporarily positive.

**Unsystematic Risk** - Unsystematic risk is the company-specific or industry-specific risk in a portfolio that the investor bears. Unsystematic risk is typically addressed through diversification. However, as indicated above, diversification does not guarantee better performance and cannot eliminate the risk of investment losses.

**Value Investment Risk** - Value stocks may perform differently from the market as a whole, and following a value-oriented investment strategy may cause a portfolio to underperform growth stocks.

**Growth Investment Risk** - Prices of growth stocks tend to be higher in relation to their companies’ earnings and may be more sensitive to market, political, and economic developments than other stocks, making their prices more volatile.

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Small Company Risk - Securities of small companies are often less liquid than those of large companies, and this could make it difficult to sell small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, small capitalization companies are more vulnerable than larger companies to adverse business or economic developments, and they may have more limited resources.

Interest Rate Risk - Fixed-income securities and fixed-income-based securities are subject to interest rate risk because the prices of fixed-income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed-income security prices tend to fall. When interest rates fall, fixed-income security prices tend to rise. In general, fixed-income securities with longer maturities are more sensitive to these price changes.

Inflation Risk - When any type of inflation is present, a dollar at present value will not carry the same purchasing power as a dollar in the future because that purchasing power erodes at the rate of inflation.

Reinvestment Risk - Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate), which primarily relates to fixed-income securities.

Credit Risk - The issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and impact performance. Credit risk is considered greater for fixed-income securities with ratings below investment grade. Fixed-income securities that are below investment grade involve higher credit risk and are considered speculative.

Regulatory Risk - Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. For example, changes in zoning, tax structure, or laws may impact the return on investments.

Mutual Fund Risk - Mutual funds are operated by investment companies that raise money from shareholders and invest it in stocks, bonds, and/or other types of securities. Each fund will have a manager who trades the fund's investments in accordance with the fund's investment objective. Mutual funds charge a separate management fee for their services, so the returns on mutual funds are reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. In addition, the client's

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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).

Exchange Traded Fund Risk - ETFs are marketable securities that are designed to track, before fees and expenses, the performance or returns of a relevant index, commodity, bonds, or basket of assets, like an index fund. Unlike mutual funds, ETFs trade like common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs, including, but not limited to: (i) an ETF's shares may trade at a market price that is above or below its net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) 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.

In analyzing investment securities, Octo Capital may use various sources of information, including, but not limited to, the following: Morningstar, Portfolio Visualizer, mutual fund and ETF issuer websites, and software and/or other technology information services available from mutual fund and ETF issuers.

## Item 9 | Disciplinary Information

Neither Daniel Shub nor any employees of Octo Capital have ever been convicted of, pled guilty, or no contest to any felony or misdemeanor in a criminal or civil action in any foreign or domestic court. Neither Daniel Shub nor any employees of Octo Capital have ever been part of a proceeding before the SEC, FINRA, or any other industry regulatory agency. Neither Daniel Shub nor any employees of Octo Capital have ever been part of a self-regulatory organization's proceeding.

## Item 10 | Other Financial Industry Activities and Affiliation

Neither Daniel Shub nor any employees of Octo Capital are registered or applying to register as a broker-dealer or registered representative of a broker-dealer, futures commissions merchant, commodity pool operator, or commodity trading advisor.

Neither Daniel Shub nor any employee of Octo Capital has a relationship with a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, outside investment adviser, banking or thrift institution, accounting firm, law firm, pension consultant, real estate broker, sponsor or syndicator of limited partnerships.

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## Material Relationship Maintained by this Advisory Business and Conflicts of Interest

Daniel Shub is a licensed Life insurance agent and owner of Shub & Company, LLC - a licensed life insurance agency under common control and ownership. As an independently licensed insurance agent, on occasion, Daniel Shub, in this capacity, may assist, on a fully disclosed commission basis, with the purchase of insurance products (Life insurance, fixed annuity, or a fixed index annuity). Clients are never obligated to purchase insurance or utilize any recommended company. Clients are welcome to utilize their selected providers and implement recommendations in whole or in part, entirely at their discretion.

Insurance products may be recommended to help minimize exposure to identified risks and to meet stated personal and/or business needs. This activity presents a conflict of interest; however, Octo Capital is a fiduciary to each advisory client and is obligated to ensure that insurance product recommendations are suitable based on what is known about our client.

The following information pertains to annuity products:

Insurance agents are required to comply with "Best Interest" rules (as adopted by Michigan and various states) and act in the best interests of clients under the circumstances known when an insurance-related recommendation is made. In addition, the following requirements apply:

Care obligation: In making recommendations, an agent must exercise reasonable diligence, care, and skill to:

1. Know the consumer's financial situation, insurance needs, and financial objectives;
2. Understand the available options after making a reasonable inquiry into the products available to the agent;
3. Have a reasonable basis to believe the recommended option effectively addresses the consumer's financial situation, insurance needs, and financial objectives over the life of the product, as evaluated in light of the consumer profile information; and
4. Communicate the basis of the recommendation. In the case of an exchange or replacement of an annuity, the agent must consider the whole transaction, which includes taking into consideration whether:
  - a. The client/consumer will incur a surrender charge, be subject to the commencement of a new surrender period, lose existing benefits, such as death, living, or other contractual benefits, or be subject to increased fees, investment advisory fees, or charges for riders and similar product enhancements;



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- b. The replacing product would substantially benefit the consumer in comparison to the replaced product over the life of the product; and
  - c. The consumer has had another annuity exchange or replacement and, in particular, exchange or replacement within the preceding 60 months.

Insurance Product Disclosures:

1. Prior to the recommendation or sale of an annuity, the agent shall provide prominent written disclosure to the advisory client/consumer, which contains: A description of the scope and terms of the relationship with the consumer and the agent's role in the transaction;
2. An affirmative statement that the agent, in her/his separate capacity as a registered investment adviser representative, engages in investment advisory services but does not receive commissions in connection with securities recommendations (only insurance products).
3. An affirmative statement describing the insurers he/she is authorized, contracted (or appointed), or otherwise able to sell insurance products for.
4. A description of the sources and types of cash and non-cash compensation to be received, including compensation (if any) for the sale of a recommended annuity by the commission as part of the premium or other remuneration received from the insurer, intermediary, or other producer or by a fee as a result of a contract for advice or consulting services (in a separate capacity as an investment adviser representative); and
5. A notice of the /consumer's right to request additional compensation information.

Upon request of the consumer or the consumer's designated representative, a licensed agent shall disclose:

1. A reasonable estimate of the cash compensation to be received, in range of amounts or percentages; and
2. Whether the compensation is a one-time or multiple occurrence amount, and if the latter, the frequency and amount of the occurrence, which may be stated as a range of amounts or percentages; and
3. Prior to or at the time of the recommendation or sale of an annuity, the agent shall have a reasonable basis to believe the consumer has been informed of various features of the annuity, such as the potential surrender period and surrender charge, potential tax penalty if the consumer sells, exchanges, surrenders or annuitizes the annuity; mortality and expense fees; investment advisory fees; any annual fees; potential charges for and features of riders or other options of the annuity; limitations on interest returns; potential changes in nonguaranteed elements of the annuity; insurance and investment components; and market risk.

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To meet disclosure obligations, licensed agents shall, at the time of recommendation or sale:

1. Make a written record of a recommendation and the basis for the recommendation;
2. Obtain a consumer-signed statement documenting: a customer's refusal to provide the consumer profile data, if any; and a customer's understanding of the ramifications of not providing his/her consumer profile data or providing insufficient data; and
3. Obtain a consumer-signed statement acknowledging the annuity transaction is not recommended if a customer decides to enter into an annuity transaction that is not based on the agent's recommendation (however, in this instance, it would be highly unlikely that such a transaction would be placed and such a request would be declined).

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

We do not utilize nor select third-party investment advisers.

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

As a Registered Investment Adviser, Octo Capital has a fiduciary duty to its clients. In the simplest of terms, this means that our first obligation is to put the client's needs above all other interests or conflicts. Octo Capital takes our fiduciary duty very seriously and has built our business model around our obligation to minimize conflicts of interest with our clients and to make recommendations that are in their best interests.

Octo Capital's owner and employees will adhere to all federal and state securities laws and regulations. All Octo Capital's related persons will be held to the highest standard of conduct and shall not withhold pertinent information from clients regarding securities recommendations, act to deceive or defraud any client or outside party, or otherwise partake in any activity with the intent to deceive or defraud any regulatory body, government office or client.

Octo Capital's owners and employees may buy or sell securities for themselves, which are also recommended to clients, which represents a conflict of interest. In an effort to avoid conflicts of interest, Octo Capital monitors and supervises the personal securities transactions of all employees and its owner. Daniel Shub, Managing Member and Chief Compliance Officer of Octo Capital, conducts monitoring. Octo Capital retains records of all securities transactions conducted by employees and owners. For compliance purposes with regulations, all employees and the owner are considered "access persons" whose transactions will be monitored.

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As a matter of principle, Octo Capital's owner and employees are to withhold public comment regarding advice on individual securities to avoid conflicts of interest when these comments may enrich Octo Capital's associated person.

## Item 12 | Brokerage Practices

Octo Capital does not maintain custody of your account(s) that we manage and advise on. At all times, your investment account(s) and assets must be maintained in an account(s) at a qualified custodian. We require that you use Schwab Advisor Services®, a division of Charles Schwab & Co., Inc. ("Schwab"), FINRA-registered broker-dealer, member SIPC as the qualified custodian/broker-dealer for your account(s) and securities transactions. We do not allow you to direct us to use a specific broker-dealer to execute transactions. You must use the broker-dealer Octo Capital recommends, Schwab Advisor Services®.

Octo Capital is independently owned and operated, and we are not affiliated with any custodian, including Schwab. The custodian(s) will hold your assets in a brokerage account(s) and purchase and sell securities when we instruct them to. You will enter into a separate agreement with Schwab to have custody of your account(s) and assets through their new account applications. Octo Capital will also require that you grant us a Limited Power of Attorney ("LPOA") to execute securities transactions in your account(s) held at Schwab.

Schwab may charge brokerage commissions (transaction fees) for executing securities transactions. We do not receive any portion of these separate fees and/or charges.

### Research and Soft Dollar Benefits

OCTO Capital may receive an economic benefit from external sources in the form of the support products and services they make available to other independent investment advisors and us. The availability to us of an external source's products and services is not based on our offering particular investment advice, such as buying particular holdings for our clients.

Schwab provides us and you with access to its institutional brokerage—trading, custody, reporting, and related services. Schwab also makes available various support services. Some of those services help us manage or administer your account(s), while others help us manage and grow our business.

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These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions, transaction fees, or assets in custody.

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. The benefits we receive that you may also benefit from may give us an incentive to recommend that you maintain your account(s) with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based solely on your interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. We believe, however, that our recommendation of Schwab as custodian and broker-dealer is in the best interests of the clients we serve.

Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

### Dimensional Fund Advisors (DFA)

We utilize resources made available to us through DFA to analyze investments for your account, such as historical market analysis and risk/return analysis. DFA also provides other advisers and us in its network with education and analytics tools, practice management support, and other resources. These tools are made available to us because we are considered an approved adviser on the DFA platform. While we are not required to commit any specific level of client assets to participate on the DFA platform, these services are not available to financial advisers who have less than \$20 million of their client's assets on the DFA platform. While receiving materials from DFA may cause a conflict of interest, we mitigate this risk by evaluating and treating the available resources in the same way as the resources received from Schwab and other sources.

### Referrals

Octo Capital does not receive client referrals from any broker-dealers and does not compensate anyone who may refer a client to Octo Capital.

### Directed Brokerage

The Schwab custodial arrangement is a type of directed brokerage arrangement since Schwab generally requires that your transactions be placed within the broker-dealer arm of Schwab for execution. You should understand that not all investment advisers require you to use Schwab as a custodian or otherwise direct brokerage. We have selected Schwab to provide you with brokerage and custodial services because we believe they can provide you with best execution. In seeking best

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execution through a broker-dealer on behalf of our clients, the determinative factor is not the lowest possible cost but whether the transaction represents the best overall qualitative execution.

Accordingly, when taking into consideration qualitative execution, we consider the full range of broker-dealer services, such as historical relationship, reputation, financial strength, execution capability, commission and/or transaction rates, technology, responsiveness, customer service, and other factors. To help ensure that you are receiving best execution and to address the conflict of interest surrounding these arrangements, we perform periodic reviews of the quality of execution and services provided by Schwab in comparison to alternative similar directed brokerage options.

## Valuation

The reporting on our client portal will value securities in your account(s) from pricing information that we receive from Schwab and/or independent third-party pricing services.

## Trade Order Aggregation

Because investment decisions often affect more than one client, we frequently may attempt to purchase or sell the same security for more than one client at the same time. This practice is referred to as "block trading." Octo Capital may determine that aggregating (or blocking) trade orders is also prudent and necessary in order to fulfill our fiduciary duty to obtain best execution for each client as set forth above.

When aggregating client trade orders, we consider many factors, including but not limited to the following:

1. No client account(s) is favored over any other client account(s). Clients participating in an aggregated order shall receive an average share price with other transaction costs shared on a pro-rata basis.
2. We will not aggregate transactions unless block trading is consistent with our duty to seek best execution and the terms of our Investment Advisory Agreement with each client for which trades are being aggregated;
3. Before placing a blocked trade, we will specify the participating client account(s) and the intended allocation among those clients;
4. If the aggregated order is filled in its entirety, it will be allocated among client account(s) in accordance with the terms of the order; if the order is partially filled, it will be allocated on a pro-rata basis within the same terms of the order;

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5. Our books and records will separately reflect the orders for each client account(s) that are aggregated, as well as the securities purchased and sold for and held by that account;
  6. We receive no additional compensation of any kind as a result of the proposed aggregation;

Although Octo Capital will attempt to block trade transactions for each client when prudent, there may be times when trades will be executed independently for each client. This means at times, we may not combine multiple orders for shares of the same securities purchased or sold for multiple client accounts. There could be many reasons why we may choose not to “block” trade certain client accounts, such as, but are not limited to, cash flow management client-by-client, the timing of interest and dividend payments, and the timing of client deposits and withdrawals.

## Item 13 | Review of Accounts

### Managed Accounts Review

We review your account(s) and securities positions for adherence to your agreed-upon investment strategy as described in your Investment Policy Statement (IPS) on an ongoing basis and/or upon the occurrence of a triggering event - such as a change in client investment objective(s) and /or financial situation - and upon the client's request. The frequency of and processes for the internal portfolio reviews are dependent upon the nature and complexity of the portfolio and at the discretion of the Advisor. The IPS and your financial profile are discussed regularly with you, which does not necessarily result in a written document. The IPS will be updated from time to time upon your request or when we determine it to be necessary or advisable based on updates to your financial or other circumstances.

All investment supervisory clients are advised that it remains their responsibility to advise Octo Capital of any changes in their investment objective(s) and/or financial situation.

Periodic reviews are available with you on an “as-needed” and/or “as-requested” basis, depending upon your needs and the nature of the financial issue(s) to be addressed. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objective(s), and account performance with Octo Capital on an annual basis. Reviews that are conducted directly with you focus primarily on any changes to your financial situation, tax status, cash flow needs, account performance, and overall investment goals and objectives.

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Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the custodian (Schwab).

## Regular Client Reporting

We provide access to the online Client Portal to review ongoing performance, asset allocation, and investment strategy information for your account(s) under management by Octo Capital. On a quarterly basis, Octo Capital will upload to your Client Portal website a billing invoice for Octo Capital fees agreed to in your Investment Advisory Agreement, which is directly debited and paid from your account(s).

You will also receive either monthly or quarterly account statements, trade confirmations, and year-end tax statements directly from Schwab, the independent account custodian.

Octo Capital does not provide or deliver any reporting in hard copy format. All reporting is required to be accessed through the online Client Portal.

## Item 14 | Client Referrals and Other Compensation

No one outside of Octo Capital's owner and employees provides investment advice to Octo Capital clients (exclusive of outside relationships our clients may choose to have). Octo Capital does not compensate outside parties for client referrals. This includes existing clients or other outside professionals (such as CPAs, attorneys, etc.). Octo Capital does not share revenue or pay "finders fees" for client referrals.

## Item 15 | Custody

We previously disclosed in Item 5 | Fees and Compensation that Octo Capital directly debits Octo Capital fees from your account(s). When you authorize direct payment of fees, your custodian (Schwab) is advised of the amount of the fee(s) to be deducted from your account(s).

The ability to deduct our fees from your account(s) causes Octo Capital to exercise limited custody over your funds or securities pursuant to Rule 275.206(4)-2 of the Investment Advisers Act of 1940. We do not have physical custody of any of your funds and/or securities in your account(s).

You will receive account statements from your independent qualified custodian (Schwab) no less than quarterly. Your account statements from your custodian will indicate the amount of our fees deducted from your account(s) each billing period.

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Schwab does not verify the accuracy of our fees or calculations. You should carefully review your account(s) statements for accuracy and notify us immediately if something is not accurate. If you have any questions regarding your statements or if you do not receive a statement from your custodian (Schwab), please contact us immediately by email at [dshub@octo-capital.com](mailto:dshub@octo-capital.com) or by telephone at 248-731-7729.

## Item 16 | Investment Discretion

Octo Capital requires discretionary authority over clients' investment portfolios under our management to determine which securities and the amounts of securities are to be purchased or sold in your account(s). You will need to execute a Schwab Limited Power of Attorney ("LPOA") to permit us to trade in your account(s) on your behalf. The LPOA is incorporated as part of the new account agreements required to open your account(s) with the qualified custodian (Schwab).

The client approves the custodian to be used and the commission rates paid to the custodian.

The advisor does not receive any portion of the transaction fees or commissions paid by the client to the custodian on trades.

## Item 17 | Voting Client Securities

### Proxy Voting

We do not vote proxies on your behalf. Since we do not vote proxies, you will retain the responsibility for receiving and voting proxies for any and all securities maintained in your account(s). We may provide guidance to you regarding the voting of proxies in special circumstances. In the event that you have instructed a custodian, broker-dealer, transfer agent, or issuer to deliver proxies to us on your behalf, we will decline to vote on such matters unless we specifically agree to do so in writing.

### Class Actions

You should note that Octo Capital does not instruct or give advice to you on whether or not to participate as a member of class action lawsuits and will not automatically file "Proof of Claims" on your behalf even if you have instructed the custodian, broker-dealer, transfer agent or issuer to deliver such communications directly to us. However, if you notify us in writing that you wish to participate in a class action, we will make reasonable efforts to provide you with any available



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transaction information necessary for you to file a Proof of Claim if the records exist upon your written request.

## Other Shareholder Action

With regard to all matters (other than proxies) for which shareholder action is required or solicited with respect to securities beneficially held in your account(s), such as (1) all matters relating to class actions, including without limitation, matters relating to opting in or opting out of a class and approval of class settlements and (2) bankruptcies or reorganizations, we disclaim responsibility for electing/voting (by proxies or otherwise). Octo Capital will not take any action with regard to such matters. All shareholder actions and/or proxies will be delivered to you directly from the custodian, broker-dealer, transfer agent, or issuer.

## Item 18 | Financial Information

Under certain conditions, registered investment advisers are required to provide you with financial information or disclosures about our financial condition. Octo Capital has no financial conditions that would impair our ability to meet our contractual commitments to clients.

A balance sheet or financial statements are not required to be provided because Octo Capital does not serve as a custodian for client funds or securities and does not collect prepayment of fees more than \$1,200 per client and six months or more in advance, and has not been subject of a bankruptcy proceeding. Octo Capital maintains at all times a minimum net worth of \$10,000 as required by the Uniform Securities Act, Rule 451.4.17, as an investment adviser who has discretionary authority over client funds or securities but does not have custody of client funds or securities.

## Item 19 | Requirements for State Registered Advisors

Education and business background, including any outside business activities for all management and supervised persons, can be found in the Supplement to this Brochure (Part 2B of Form ADV Part 2).

### Material Relationship Maintained by this Advisory Business or Management person with Issuers of Securities

None to report.

## Item 20 | Additional Information

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## Retirement Plan Rollovers

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are 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. If we recommend that you roll over your retirement plan assets into an account to be managed by us, such a recommendation creates a conflict of interest if we will earn a new (or increase our current) advisory fee because of the rollover. So, we operate under certain rules that require us to act in your best interest and not put our interests ahead of yours. Therefore, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we may earn a new (or increase our current) advisory fee we charge you as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have the incentive to recommend a rollover to you for the purpose of generating a higher compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA and to the extent the following options are available, you should consider the costs and benefits of

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1. Leaving the funds in your employer's (former employer's) plan.
  2. Moving the funds to a new employer's retirement plan.
  3. Cashing out and taking a taxable distribution from the plan.
  4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages, and before making a change, we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage, here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public, such as employer securities or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have a higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond the Required Minimum Distribution (RMD) age.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.

Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules, so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.

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8. IRA assets can be accessed at any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception, such as disability, higher education expenses, or the purchase of a home.
  9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
  10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and decide whether a rollover is best for you. Prior to proceeding, if you have questions, contact your investment adviser representative or call our main number as listed on the cover page of this brochure.