



## Form ADV Part 2A Client Brochure

### Saffron Capital LLC

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### Item 1: Cover Page

*Form ADV Part 2A is a client brochure that provides information about the qualifications and business practices of Saffron Capital LLC. If you have any questions about the contents of the brochure, please contact us at the phone number above or by email at [hello@saffroncapital.com](mailto:hello@saffroncapital.com).*

*Form ADV Part 2 is a core requirement of the company's securities registration and is updated quarterly. The information in the brochure has been filed with regulators but is not subject to approval or verification by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Saffron Capital is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can also find information on the Financial Industry Regulatory Authority (FINRA) website at <https://brokercheck.finra.org>. The CRD number for Saffron Capital is: 306921.*

*As used in this brochure, the words "we", "our" and "us" refer to Saffron Capital. The term "Associated Person" refers to employees of Saffron Capital that are subject to regulation given their client-facing roles. The words "you", "your" and "client" refer to current or prospective clients of our firm.*

Document Date: December 09, 2025

## **Item 2: Material Changes**

The following material changes to the firm brochure have been made over the last year:

- Item 4: Advisory Business – As of document date
  - Table 1 ‘Assets Under Management’ has been updated
  - Section D ‘Client Services’ has been updated to reflect changes in the company tech stack.
  
- Item 5: Fees and Compensation – As of document date
  - Table 2 ‘Advisory Planning Fees’ has increased in line with annual rate of cost inflation.
  - Table 3 and 4 ‘Portfolio Management Fees’ reflect reduced rates for large discretionary accounts.

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## **Item 4: Advisory Business**

### **A. Introduction**

Saffron Capital LLC provides financial planning and investment management services.

### **B. Vision and Mission**

Our vision is to be a trusted advisor for our clients and a respected leader in the areas of:

- Retirement planning,
- Tactical asset allocations, and
- Portfolio risk management.

Our mission is to help clients to reach their financial goals by delivering superior performance at low cost. We seek to develop lasting relationships with clients based on a systematic and repeatable investment process.

### **B. Organization**

Saffron Capital is a Registered Investment Adviser (RIA) based in Minneapolis, Minnesota. The company was formed in September 2019 and is organized under the laws of the State of Minnesota as a Limited Liability Company. Bradley J. Horn is the sole owner of the company. Registration as an RIA was approved in June 2020 by the MN Commerce Department.<sup>1</sup>

### **C. Background**

Saffron Capital was founded on the belief that data science and math programming constitute unique capabilities for investor value creation. In response, a financial services company was formed to provide advisory planning, quantitative investing, and portfolio management.

### **D. Client Services**

#### **1. Advisory Planning Services**

Saffron Capital offers financial planning on a regular and ongoing basis. Our financial plans are customized cash flow models scoped to support long-term retirement and investment planning needs. The integrated planning framework includes the following deliverables:

1. *Asset Plan*: The asset plan is the starting point for all data collection. A visual Asset Map and a Personal Financial Statement are created to detail the clients' current net worth on a pre-tax basis. Next, 12an inventory is produced of all client owned securities, including all line-item securities in client-owned funds. A client asset profile is then defined using standard return and risk metrics. Your portfolio is then compared to standard index benchmark and model portfolios to identify historic performance, risk concentrations, and potential rebalancing opportunities. Finally, the asset plan prepares all the inputs for your forward-looking cash flow model.
2. *Retirement Plan*: A cash flow model is developed that spans the clients' full retirement time horizon. The detailed cash flow model combines the client's income profile, expense budget, and portfolio

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<sup>1</sup> Regulators state that the RIA designation does not imply any level of skill or training. However, the company vision and mission do require specialized skills, training, and experience.

holdings to detail the client's after-tax cash flows by year. The goal is to assess the sustainability of client income and savings over the retirement term, while taking into consideration your full spectrum goals, liquidity needs, market uncertainty, long-term health care costs, and annual tax exposures. There's a lot of moving parts in the forward-looking retirement model, but the goal is simple: to shape future expectations and current actions to better afford and enjoy retirement.

3. *Investment Plan*: The investment plan articulates the clients' investment policy and strategy. The plan documents your account management needs, return objectives, and risk appetite. It also details your investment guidelines and strategic allocations consistent with you values. The tactical horizon of the plan is 3 to 6 months. In response, a portfolio re-balancing process is defined quarterly and consistent with the corporate earnings cycle. The plan also includes a capital preservation strategy to preserve client profits and to mitigate client exposure to market drawdowns.

Plan components are custom-tailored for each client. You refine and approve all plans delivered, while finalizing next steps and the action list to reach your goals.

## **2. Discretionary Portfolio Management Services**

Discretionary portfolio management involves delegating investment decision making to Saffron Capital. To this end, our tactical and risk-managed portfolios are listed below:

### *Adaptive ETF Trading:*

- Tactical Index Portfolio
- Strategic Factor Portfolio
- All Country Index Portfolio

### *Investing in Individual Company Shares:*

- Concentrated Equity Portfolio

### *Income from Government, Corporate, High Yield, or Infrastructure Project Bonds:*

- Structured Bond Ladders

Clients select one or several portfolios depending on their planning goals and risk tolerance. For more detail on each portfolio, see Item 8 "Investment Approach," and "Investment Strategies."

## **3. Nondiscretionary Account Services**

Saffron Capital also supports nondiscretionary, client-managed accounts. Trade execution, risk management, and account performance are the sole responsibility of the client. In support of these clients, we provide market intelligence, order management, trade execution support, daily trade reconciliations, on demand performance reporting, low-cost margins, competitive yields on overnight funds, FDIC-insured cash accounts, and overnight sweep accounts to maximize yield income.

## **E. Services Limited to Specific Types of Investments**

Saffron Capital invests in equities, fixed income securities, and real assets subject to client approval on permitted securities. Through our bank custodian, we can execute transactions on 134 exchanges worldwide. In practice, 95% of our managed account activity is limited to stock or fixed income securities on regulated exchanges in the

United States. However, we may conduct transactions and participate in corporate actions for securities on foreign exchanges.

### **F. Fiduciary Commitment**

Our fiduciary commitment to our clients is simple and straightforward:

- Independence – Stay privately owned and low cost by serving clients first (not shareholders)
- Engagement – Communicate with clients more, communicate better
- Loyalty – Favor the client’s interest above our own in all matters,
- Care – Exercise skill, prudence, and diligence in all client advice,
- Fairness – Seek the best execution of client goals and market transactions,
- Security – Safeguard client trust, confidentiality, and data,
- Stewardship – Manage resources for the betterment of others.

We promote these values in concrete ways. For example, we structure our fees to align our interests and performance with those of our clients. We also do not accept marketing fees or commissions on any investment products that could bias our advice or investment decisions. Finally, our investment practice treats all clients equally, regardless of account size or differences in client fees.

### **G. Client Tailored Accounts**

Clients may impose restrictions on investing in accordance with their values or religious beliefs. The company will do its utmost to honor all client restrictions in their investment policy and mandate.

### **H. Assets Under Management**

Saffron Capital has the following assets under management (AUM) and committed under contract:

<b>Total AUM</b>	<b>Discretionary AUM</b>	<b>Non-Discretionary AUM</b>	<b>Date Calculated</b>
\$5,612,136	\$4,306,585	\$1,305,551	December 05, 2025

**Table 1: Assets Under Management**

*Discretionary assets* refer to accounts where Saffron Capital has authority or power of attorney to make investment decisions. Discretionary AUM also includes accounts held away at different bank custodians, brokerage firms, or company retirement plans where advisor trade execution and risk management is enabled.

*Non-discretionary assets* refer to accounts that are client controlled and involve advisory planning, market research, and portfolio support on a monthly, quarterly, or annual basis. Non-discretionary AUM also includes accounts held away at different custodians where advisor trade execution is not enabled.

## Item 5: Fees and Compensation

### A. Fee Schedules

#### Advisory Planning Services

Our standard fee for advisory planning is a fixed price of US\$800 per year in year 1, and then a reduced rate of US\$400 per year for annual plan updates in years 2 and after. Our advisory planning service is provided free of charge to all our clients with total assets under management of \$500,000 or more.

Initial Planning Service	Annual Plan Updates	Hourly Fee for Custom Work
\$800	\$400	\$50-150/hr based on scope

**Table 2: Standalone Planning Fees**

All fees are negotiable. The advisory planning fee we agree to may deviate from the standard rate if the client has unique work scope or the work is more complex than normal. Factors considered in setting negotiated fees include:

- number of planning models involved.
- nature of the client asset portfolio.
- executive compensation structures.
- number and types of accounts involved.
- presence of client owned businesses and trusts.
- client's legal, tax, or personal issues.
- number of household members.

#### Service Payments

Advisory planning fees are billed after the completion of any client approved work and payable by check or credit card. Clients can anticipate that financial planning will take 4 to 12 weeks to complete, depending on scope, and other client demands.

#### Service Termination

Either party may terminate an advisory planning contract within five days of signature via written notice. Any paid and unearned fees will be refunded in full.

#### Managed Portfolio Services

##### Investment Minimum

\$50,000 is the minimum account size for our managed portfolio service.

##### Fee Structure

Our fees for managed accounts are based on a fixed percentage of assets under management (AUM). We charge a fixed annual rate of 0.70% for accounts under \$1,000,000 or a fixed annual rate of 0.50% for accounts over \$1,000,000. The fee covers the delivery of a documented investment policy and plan, portfolio

construction and management, periodic portfolio re-balancing, real-time risk management, ongoing capital market research, account administration, and on-demand performance reporting.

AUM	Annual Fixed Fee
\$50,000 – 999,999	0.70%
\$1,000,000 and up	0.50% (Negotiable)

**Table 3: Portfolio Management Fees – Discretionary Accounts**

**For example:**

- An account with \$100,000 would be assessed with a fee of 0.70% or \$700 per year ( $\$100,000 * 0.007$ ).
- An account of \$1,000,000 confronts a default rate of 0.50%. Assuming the fee is 0.50%, then the cost is \$5,000 per year ( $\$1,000,000 * 0.005$ ).
- Over time, if client assets increase due to favorable market returns or new deposits, then the fixed fee amount to be paid will also increase. Likewise, if client assets decline due to market losses or client withdrawals, then fee income will also decline.

Our fee rate is fixed below \$1 million and negotiable above that amount. In practice, our fee structure aligns client/advisor objectives by rewarding capital growth and preservation. The annual fixed fee to be paid is memorialized in each client’s Investment Advisory Contract.

Service Payments and Invoicing

The portfolio management fee is invoiced directly to the client's investment accounts given each client's written authorization. All fees to be administered are calculated and handled by an independent bank custodian to minimize the potential for errors and disputes. The procedure for payment is simple: the annual fee is accrued daily using the daily equivalent fee rate and the client’s day-end account values. Daily accrual accounting is necessary as it takes into consideration changes in AUM caused by market prices, as well as client deposit and withdrawal activity. Fees are paid quarterly in arrears. Realized and paid fees are verifiable by invoice on request and by real-time account reports on the client portal.

Service Termination

Clients may terminate an Investment Advisory Agreement without penalty. Following notice of termination, clients will continue to benefit from the ongoing services of our independent bank custodian for account and fund administration. Our staff will also continue to support client requests for any transition for at least 5 days following written notice or subject to the terms of any negotiated work order. By extension, invoicing of our fees will also terminate 5 business days following delivery of your termination notice.

**Non-discretionary Account Services**

Investment Minimum

There is no minimum account size for non-discretionary account services.

Fee Structure

**Our standard fees for client-managed accounts are also based on a fixed percentage of AUM. The annual fees for client managed accounts is 0.50% for accounts under \$500,000 or a fixed annual rate of 0.30% for**

accounts over \$1,000,000. The fee covers periodic client consultations, ongoing research support, and account administration.

AUM	Annual Fixed Fee
\$1 - \$999,999	0.50%
\$1,000,000 and up	Negotiable

**Table 4: Portfolio Management Fees - Non-discretionary Accounts**

**For example:**

- An account with \$100,000 would be assessed with a fee of 0.50% or \$500 per year ( $\$100,000 * 0.005$ ).
- An account with \$1,000,000 would be subject to a negotiated fee. Assuming the negotiated fee is 0.30%, then the cost would be \$3,000 per year ( $\$1,000,000 * 0.003$ ).
- Over time, the actual fee paid will depend on assets under management. If assets increase due favorable market returns or new deposits, so will the fee amount to be paid. If the assets under management decline, so will our compensation.

Our negotiable fee structure seeks to align client/advisor objectives by rewarding capital growth and preservation. The actual fee to be paid will be memorialized in the client's Investment Advisory Contract.

Service Payments

Our portfolio management fees are invoiced directly to the client's investment accounts with each client's written authorization. The annual fee is accrued daily using the daily equivalent rate and the client's day-end account value. Fees are then paid quarterly in arrears.

Service Termination

Clients may terminate a non-discretionary account without penalty for a full refund of our fees, if applicable, within five business days of opening an account. Thereafter, clients may terminate the Investment Advisory Contract with 5 days' written notice. The invoicing of our fees for assets under management will terminate 5 business days following notice delivery.

**B. Responsibility for Third Party Fees**

Clients are responsible for the payment of all third-party fees, including, but not limited to, custodian bank fees, brokerage clearing fees, exchange clearing fees, regulatory fees, and any other third-party fees distinct from the fees and expenses charged by Saffron Capital. See Item 12 for details regarding custodian bank fees and "Brokerage Practices."

**C. Fee Prepayment and Refunds**

Saffron Capital does not rely on fee prepayments. All advisory and portfolio management fees are collected in arrears. Refunds for fees paid in advance but not yet earned (if any) will be refunded following contract termination on a prorated basis and returned to the client within 30 business days via check or return deposit into the client's account.

## D. Outside Compensation for the Sale of Securities to Clients

Saffron Capital and its Associated Persons do not accept any third-party or outside compensation for the sale of investment products. As a result, commissions do not influence our advice or actions. *If the company or its staff are eligible to receive third-party marketing fees or compensation, then any cash flows received will be credited back to client accounts whenever possible or the fees will be forfeited.*

## E. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, and other administrative fees. Saffron Capital does not participate in wrap fee programs. Instead, it details all its fees to better support client transparency.

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

The base fee structure of Saffron Capital does not include performance-based incentive fees. However, some clients have requested and negotiated performance incentive fees. As a result, we instituted processes and procedures to ensure no client is favored over another, regardless of fees and consistent with our fiduciary obligations.

### Definition of Trading Gains

Performance based fees apply when a trading gain exceeds a pre-defined level. Trading Gains are defined as the increase, if any, in the period ending value of the client's managed account. Trading Gains are the sum of (1) realized profit or loss, (2) unrealized profits or losses, plus (3) any paid or accrued dividends and interest gains on the client account. The performance fee applies only if the end of period account value is greater than the pre-defined threshold at the end of the prior period after adjusting for standard fees and any account withdrawals or additions.

### Impact of Trading Losses on the Performance Incentive Fee

If a performance fee is accrued or paid to Saffron Capital and the account value declines for any subsequent period, no incentive fees are due to be paid by the client. In this case, Saffron Capital is not eligible for new incentive fees but will retain all fees previously due or paid. Meanwhile, no future incentive fee shall be paid until all losses are recovered and the value of the account exceeds the highest prior period value, after adjusting for withdrawals and additions.

## **Item 7: Types of Clients**

Saffron Capital provides advisory planning and portfolio management services to clients of various means, both low and high net worth. Our clients tend to have professional backgrounds in engineering, technology, science, medicine, education, and related fields. Hence, our services are available to all people absent restriction.

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

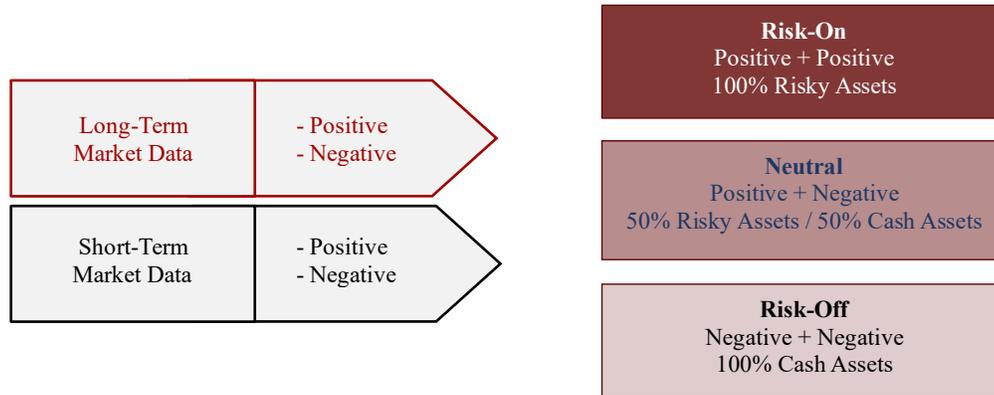
### A. Investment Approach

Our quantitative approach to investing has 5 basic elements to create value:

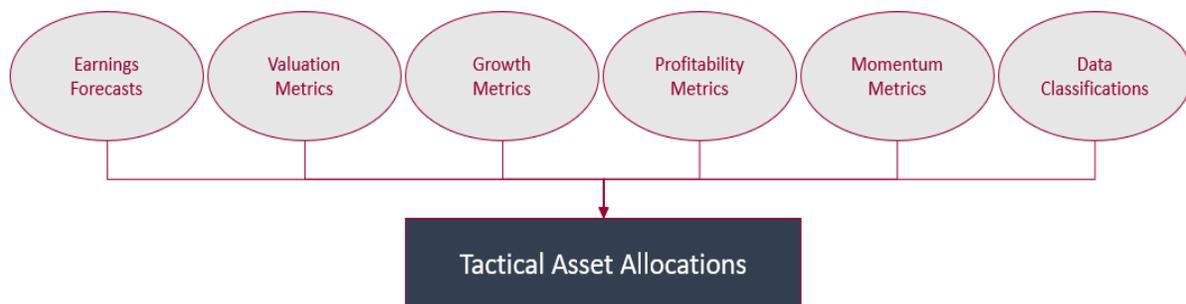
1. Identify the market risk regime: Every day, we confront the question 'Is the market safe to invest in?' To objectively answer this question, we use advanced learning models to classify the market risk regime as

either 'risk-off', 'neutral', or 'risk-on.' The market risk regime is then used to guide the level of client market participation. For example, when the risk regime is risk-on, clients will be 100% invested in risk assets. When the market risk regime is neutral, clients will be invested 50% in risk assets and 50% in cash assets, including short-term Treasury Bills, When the market risk regime is risk-off, clients will be invested 0% in risky assets and all funds be redeployed to cash assets.

Assessing the market risk regime is the first line of defense in preserving client capital and positioning for growth. The model for classifying the market risk regime is summarized below:

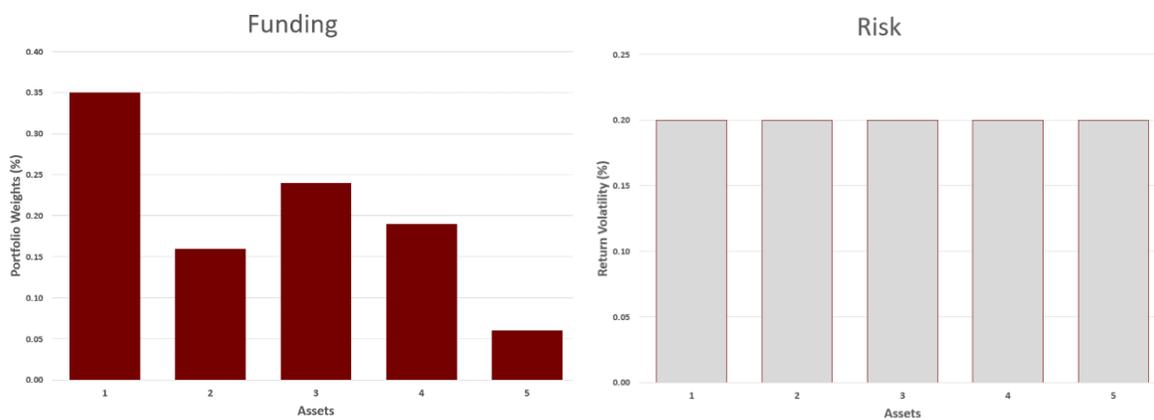


2. Screen and rank potential assets for investment: We use data science tools to identify market opportunities. These include models to generate earnings forecasts, as well as dozens of financial analysis metrics for valuation, profitability, growth, momentum, and management guidance. The screening objective is to identify assets and companies with value capture opportunities and high potential to outperform benchmark indexes, as shown below:



For example, when we assess individual company shares to own, we generate consistent data objects sourced from company income statements, balance sheets, and regulatory filings. We then define an earnings forecast, and produce 17 valuation metrics, 19 growth metrics, 13 profitability metrics, 4 momentum metrics, and review 8 quarters of management guidance on futures earnings versus actuals. The metrics are combined to generate a simple factor score for valuation, growth, profitability, momentum, and management guidance on earnings-per-share (EPS). The factor scores are then combined to create a company stock rating. By ranking companies in this way, we can compare companies in different sectors and industries to identify the stocks we want to own.

3. Risk Parity Portfolio Construction: The goal of risk parity portfolio construction is to define a portfolio allocation that better reflects each client's return objectives and risk tolerance. Specifically, we solve a portfolio formulation to allocate funds to equalize the risk contribution of each security in the portfolio, as shown below:



Portfolio formulations that directly manage risk can be vanilla in nature and have no constraints, or the formulation may include numerous budget constraints by asset type, security, or client risk appetite. In addition, we may construct risk parity portfolios with box constraints that specify upper and lower bounds on total portfolio risk. In practice, our model portfolios are customized by client and rely on client-directed inputs and mandates.

4. Portfolio Rebalancing: In normal market conditions (e.g., risk-on), client portfolios are updated or rebalanced regularly. Rebalancing relies on rules-based technology and quality trading signals to manage risk or to capture value. Rebalancing needs are assessed daily. Generally, balancing seeks to limit portfolio turnover to minimize transaction costs. As a result, daily rebalancing (if any) tends to be minor, while monthly or quarterly rebalancing is more common.
5. Real-time Risk Response: The goal of real-time risk response is to limit client exposure to potentially severe or long-lasting market drawdown events. Capital preservation is particularly important for retirees with limited income or investment capacity. Capital preservation is achieved by reducing client market participation. Risk response is only triggered when the market risk regime shifts from risk-on to risk-off based on objective signals applied systematically.

Our adaptive approach to investing combines market risk assessment, tactical asset allocations, portfolio rebalancing, and real-time risk response. The combined actions constitute a unique framework for capital growth and preservation. The approach has been standardized and applied since 2019. The approach has been applied to standard index investing and to the model portfolios described below.

## B. Investment Strategies

Saffron Capital's risk managed portfolios are simple by design.

- **Adaptive ETF Trading**: Tactical asset allocations across benchmark indices using low-cost exchange-traded funds or ETFs. The objective of adaptive ETF trading is to manage downside risk without sacrificing participation in the markets upside potential. Our model portfolios for adaptive ETF trading include:

- Tactical Index Portfolio
- Strategic Factor Portfolio
- All Country Index Portfolio

Detailed fact sheets by portfolio are provided separately on request. The fact sheets detail the investment process, key holdings, performance, and risk over time.

- **Concentrated Equity Portfolio:** The structured trading of individual company shares is guided by systematic screening for stock selection. As described previously, factor scores and company ratings are generated to identify the top 10-30 companies to own. Fund allocations by company are then determined based on current risk metrics to maximize diversification and to ensure no one company dominates portfolio results.
- **Structured Bond Ladders:** Structured bond ladders are constructed to provide clients with guaranteed income cash flows with significantly reduced market risk. Bond ladders with guaranteed income are ideally suited for investors who focus on the return of capital and, to a lesser degree, the return on capital. Bond ladders can be constructed using fixed-maturity government or sovereign bonds, investment grade corporate bonds, high yield corporate bonds, infrastructure project bonds, or a combination of bond types.

### C. Methods of Analysis

Our model portfolios and strategies rely on rule-based technology and quality trading signals. Portfolio support also includes the following analysis activities:

- **Large-scale data collection:** We aggregate and curate a large amount of corporate and securities data to create our earnings projections, balance sheet metrics, income statement metrics, and return analysis.
- **Macroeconomic analysis:** Increasingly over time, we are incorporating the use of leading economic indicators, other macroeconomic data and price data to assess market conditions and to classify the market risk regime.
- **Value analysis:** Value analysis is used to determine the relative worth of different securities or portfolios. Defining the fair value of a security or portfolio requires an assessment of core cash flows and risks. The same is true for corporate valuations, which use company financial statements, government filings, management earnings reports and guidance.
- **Momentum analysis:** Return momentum refers to the relative returns of a security or portfolio versus the returns of a benchmark index. Relative return momentum is used to rank performance. It helps to identify which securities or portfolios to overweight or to underweight.
- **Portfolio construction:** Portfolio allocations are made using a risk parity model. An objective function with constraints is solved to define how many shares of each security to own. Risk parity portfolio constructions seeks to allocate funds so that the risk of each security owned is equal, while ensuring the client's overall risk appetite is preserved.

- **Performance backtesting and tuning** is a type of analysis to assess the performance of our investment strategies and model portfolios retrospectively (or backwards through time). Backtesting seeks to anticipate trading experience in actual markets through simulation. Backtesting generates hypothetical returns and risk to stress test and improve portfolio management. Backtesting has limitations, but still remains useful.

#### **D. Risk Disclosures and Disclaimers**

*Clients should be aware that investments in securities are subject to potential losses. Investment losses are a risk that you as a client should be prepared to bear.*

Saffron Capital does not guarantee future investment performance. Specifically, our investment approach does not aim to ‘time the market’ or to identify market tops or bottoms successfully. Instead, we are more focused on screening good investments, taking a passive investment approach, and managing risk. At the same time, we do not promote that our capital preservation strategies can fully insulate clients from losses due to market drawdowns. We offer no guarantees that risk can be eliminated or that the goals of our investment strategies will always be met. Uncertainty is inherent to the investment process.

#### **E. Material Potential Risks**

Its important that you understand the common risks of investing and our investment program:

##### **Market Price Risk**

Market price risk is the risk of a decline in the value of a security or portfolio. Systemic market price risk impacts all securities in an asset class. It also impacts securities across multiple asset classes. As a result, it is difficult to manage systemic risk through diversification. Idiosyncratic market risk applies to specific securities or companies and is more easily managed through diversification. Our investment programs are exposed to both systemic and idiosyncratic price risks.

##### **Interest Rate Risk**

Fluctuations in interest rates impact the present value of cash flows and the value of fixed income and equity securities. When interest rates rise, bond and stock prices tend to fall since higher rates will reduce the future earnings of a bond or stock.

##### **Liquidity Risk**

Securities may be difficult to buy or to sell given periods with light trading volume, wide bid/ask spreads, or “circuit breakers.” The result can be illiquid markets, bad trade prices, and trading curtailments.

##### **Asset Allocations - Tax Risks**

The capital growth and preservation strategies of Saffron Capital rely on dynamic asset allocations or the periodic buying or selling of securities. Such activity may be short-term in nature and may create taxable income or capital gains events that impact the tax rates you are exposed to. Saffron Capital attempts to limit tax risk as part of its advisory planning and portfolio management service. However, we cannot manage your tax risk directly or fully, and you should consult a tax professional to help you.

##### **Asset Allocations - Timing Risks**

Another risk associated with our adaptive approach to investing is timing risk. For example:

- “Risk off” allocations involve the sale of risky assets and the allocation of funds to cash, money market accounts, and short-term Treasury bills or notes. Sometimes these allocations may happen too early. The result might be to miss out on market upside potential. Similarly, the switch away from risk assets could occur too late and after a market decline has already started, exposing clients to price risk.
- “Risk on” allocations away from cash and back into risky assets also have timing risks. For example, the switch to risky assets could occur too soon and expose asset buyers to price declines. Or the switch to own risk assets could occur too late and well after a price increase has already started, resulting in the purchase of expensive assets with limited upside potential.

In general, we are prepared to assume timing risks when we believe that the benefits of tactical allocations outweigh the timing risks. However, past performance is no guarantee of future results.

### **Asset Allocations - Signal Risks**

The decision to re-balance a portfolio relies on earnings projections, performance metrics, and indicators on market conditions. The goal is to buy low value assets with solid cash flows and high return momentum. Conversely, we generate asset allocation signals to sell assets that we believe have weak return potential, or to preserve capital. There is no guarantee that the signals we rely on will always perform as expected.

### **Asset Allocations - Transaction Costs**

Asset allocations involve transaction costs. Our transactions costs are competitive and generally are low to begin with. However, transaction costs reduce portfolio returns. Similarly, a strategy that favors passive buy/hold investing (e.g., fixed asset allocations) may outperform tactical asset allocations in some market environments due to fewer transaction costs. For this reason, we seek to minimize portfolio turnover whenever possible, but our approach will still involve transaction costs.

### **Risks of Exchange-Traded Funds (ETFs)**

Some of the investment programs of Saffron Capital rely on low-cost index investing using ETFs. In some market environments, there is a risk that the ETF may be more volatile than the portfolio of underlying securities that the ETF is composed of. Similarly, the costs of owning the ETF may in some situations be more expensive than the cost of holding the underlying index securities.

### **Risks of U.S. Government Securities**

U.S. government agency securities vary by type, by maturity, and by creditworthiness. As a result, they have different degrees of exposure to market price risk, interest rate risk, inflation risk, and the risk that the government or government agency will default.

### **Risks of Corporate Bonds**

Corporate bonds are subject to market price risk, inflation risk, credit downgrade, and default risk. Corporate bonds are also subject to greater levels of liquidity risk.

### **Risks of High Yield or “Junk” Bonds**

Securities below investment grade credit quality and certain unrated securities may be subject to greater levels of price, credit, and liquidity risk than investment grade bonds.

### **Risks of Sovereign Bonds**

Foreign government or sovereign bonds also have default or downgrade risk, market price risk and liquidity risk. For some countries, the risk profile may be higher or lower than US government bonds.

### **Risks of Corporate Equities**

Stock market investments are subject to earnings risks, market price risk, dividend payment risks, management risks, brand or reputation risks, and credit default risks.

### **Trade Execution Risks**

Trade execution risks are distinct from liquidity risks. Execution risks arise in the order placement process for securities. Trade errors arise when the parameters of a trade are entered incorrectly. Slippage is another execution risk and occurs when a market order is executed at a price different than was intended. Another risk is order timing delays, which could result in unfavorable prices. Unfilled and partial orders is another execution risk. Finally, large block orders may have to be broken down into small orders, resulting in fill prices at different levels.

### **Model Risks**

Our strategies rely on quantitative models, which may be automated and involve limited human override. The objective is to avoid human bias or impulse to achieve more consistent or effective performance. Even if our models are rigorously tested and peer-reviewed, there is still a risk that the performance of the model may be reduced over time (for example due to faulty assumptions, corruption of code, changes in markets or market participant behavior). Model risk is distinct from trade execution risks or system risks.

### **Operational Systems and Software Risks**

Saffron Capital relies on rules-based technology, learning systems, and computer hardware to conduct market analysis and to implement its investment strategies. Over time, we intend increased automation that will increase reliance on systems and software. The transition to increased automation is justified since machines are not prone to execution bias, distraction, or fatigue to the same degree that people are. Meanwhile, the system interfaces to our bank custodian for automated order processing will increase and these interfaces could be impacted by equipment failures, energy supply failures, system wide internet failures, or cybersecurity risks. Saffron Capital seeks to limit these risks in its business continuity plan (BCP). The BCP has been designed to reduce system and software risks to as low as reasonably practicable. This means the risk can be reduced in most costs but cannot be eliminated in full.

### **Other Operational Risks**

Saffron Capital is required by law to maintain policies and standard operating procedures to control operational and other risks. Clients should be aware that risks can never be eliminated and could impact client returns.

## **Item 9: Disciplinary Information**

Saffron Capital and its Associated Persons have no reportable disciplinary information. As a result, the company and its staff continue to maintain registration in good standing with state and federal regulators.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Registration as a Broker-Dealer/Broker-Dealer Representative**

Neither Saffron Capital nor its Associated Persons are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Material Relationships**

Saffron Capital maintains essential relationships with bank custodians and fintech companies to provide its advisory services. We believe that there are no client conflicts of interest in any of our vendor relationships. The company maintains due diligence files on all its strategic partners and critical vendors. These files are available to clients and regulators given advanced written notice to the address on the cover of this brochure.

### **C. Registration with Foreign Regulators**

At present, there are no registrations with foreign regulators in place.

## **Item 11: Code of Ethics**

### **A. Code of Ethics**

We comply with applicable securities laws and regulations in all markets in which we operate. Our goal is to protect client interests and to demonstrate our commitment to our fiduciary duties. To this end, we have a written Code of Ethics. Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page.

### **B. Recommendations Involving Material Financial Interests**

We do not promote or recommend to clients the purchase or sale of any security in which an employee of Saffron Capital has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

Saffron Capital and its Associated Persons may buy or sell securities for themselves that they also recommend to clients. In such cases, we will always put our client's interests first and our Associated Persons will always pursue a "last in" and "last out" policy with respect to personal order placement or trade allocations. We make every effort to avoid front running (e.g., trading ahead of clients). To reinforce this policy, we document and review all employee transactions to minimize self-dealing and the potential for conflicts of interest.

## **Item 12: Brokerage Practices**

### **A. Custody of Client Funds**

Saffron Capital does NOT take custody of or have access to client funds. Instead, we maintain third-party relationships with an independent custodian bank that will hold your account funds, manage your security inventories, and independently report on your portfolio fees and performance. While you are free to choose any custodian and broker-dealer, we recommend that you establish an account with a brokerage firm with which we have an existing relationship and established procedures.

## **B. Factors Used to Select Custodians and/or Brokerage-Dealers**

Our primary objectives in making brokerage recommendations are global market access and operational efficiency. For example, our investment programs rely on quantitative trading signals that rely increasingly on automated order placement for timely trade execution, improved risk response, and opportunity capture. We also seek custodians or broker/dealers with capital market access linked to specific asset groups, asset sectors, geographies, and exchanges. Other broker dealers may have limited capital market access, which may limit our investment programs and strategies.

### **1. Research and Other Soft Dollar Benefits**

Our bank custody relationships may result in soft dollar benefits provided to our firm, including free market data, research material, and administrative services. These services help our firm to make investment decisions and to manage your accounts. We are also obligated under current regulations to state that *“Our preferences for a specific custodian or broker dealer could be at higher cost to our clients when compared to other custodians or broker dealers.”* However, we don’t think this is the case as our preferred custodian, Interactive Brokers, was the first firm in the US to offer zero transaction costs..

Benchmarking studies suggest that our preferred bank custodian also provides the best execution services to our clients at the most competitive prices. We also believe that price alone is not the sole factor to consider in evaluating a custodian or broker dealer. We also look at the custodian’s returns on idle funds, their lending or margin costs, the custodian’s balance sheet, capital market execution capabilities, product offering, software stack, legal history, reputation, and service response times.

### **2. Client Referrals**

We receive no referrals from our custodian, nor do referrals impact our fees in any way.

### **3. Client Directed Brokerage**

In cases where a client requests a specific custodian or broker relationship, we will review each request and determine whether we can execute our services as intended. If a client request for directed brokerage is accepted, then the client understands and accepts that:

- The client’s direction on preferred custodian or brokerage supersedes any authority granted to Saffron Capital to select brokers.
- The directed brokerage may result in higher total costs.
- Execution ability could be limited by capabilities, procedures or management policies of the custodian or broker,
- Service efficiency may be limited. For example, the client choice for a separate custodian could imply the client does not participate in block trading, which is intended to equalize transaction timing and prices across clients. The result could be less favorable prices, particularly for illiquid securities or during volatile market conditions.

## **C. Block Trades**

We will attempt to aggregate client purchase or sale orders across accounts when we buy or sell a particular security. If we do pursue block trades, we do so because their execution allows us to immediately allocate trades and prices more fairly and equitably across accounts. Meanwhile, to ensure this is the case, trades will be reviewed periodically to ensure that accounts are not systematically disadvantaged by our block trading policy. Clients with directed brokerage may not benefit from the efficiency or pricing of block trading.

## **Item 13: Review of Accounts**

### **A. Frequency**

The principal of Saffron Capital monitors your accounts and financial plans (if one was created) on a continuous basis (e.g., daily, monthly, and quarterly). We also provide monthly market data and benchmark reporting to help clients to objectively review and assess the performance of their accounts. We seek to periodically review account performance with clients. Finally, clients have 24-hour access to our client portal and bank custodian for real-time performance monitoring, account deposits, and withdrawals.

### **B. Factors Impacting the Frequency of Account Reviews**

Additional reviews or meetings may be conducted as needed, including, but not limited to:

- Client contributions or withdrawals
- Changes to your financial circumstances
- Changes to your risk/return objectives
- Changes to your availability or health
- Changes in market conditions

## **Item 14: Client Referrals and Other Compensation**

We currently do not compensate any individual or firm for client referrals. Compensation for referrals is possible but involves compliance requirements that referring parties must adhere to.

## **Item 15: Custody**

We rely on third party bank custodians to ensure that our services do not have direct access to your account funds. The account authorities that you provide to Saffron Capital are limited and include authority to place orders to buy and sell securities, to administer your account, to review and discuss your accounts with the bank custodian, and to invoice the custodian for our advisory fees. Account deposits, withdrawals, and liquidation are controlled by the client working directly with the custodian. Withdrawals require Advisor consent to ensure the advisor is informed and to sell securities, if needed. Advisor consent will never be withheld. Typically, withdrawals will be processed on a same day basis if received prior to 12:00pm (Noon). If received after Noon, then the transfer request may be processed on the first business day after the client request is received.

### **A. Debiting of Fees**

The independent custodian or broker-dealer may directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts grants us a claim, but not custody of your funds. Specifically, we do not have physical access to or custody of any of your funds and/or securities. Your funds and securities will be held with a bank custodian or broker-dealer. You will receive account statements from the independent custodian(s) holding your funds. Your statements will indicate your account balance and the amount of our advisory fees deducted from your account(s) each billing period. Clients are encouraged to review custodian account statements for accuracy and to promptly report any issues or concerns.

## **Item 16: Investment Discretion**

Saffron Capital provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where

investment discretion has been granted, we generally manage the client's account and make investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, our discretionary authority in making these determinations may be limited by conditions imposed by a client in the client's Investment Policy or in written instructions provided to us. In these case, we have conditional authority for major portfolio re-balancing, and full discretion to preserve client capital

## **Item 17: Voting Client Securities (Proxy Voting)**

Saffron Capital will not ask for, nor accept, voting authority for client securities. Clients will receive proxies directly from the issuer of each security or the bank custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

We are not required to provide financial information to our clients because we are not a credit exposure to our clients. Specifically:

- We do not have direct custody of client funds.
- We do not accept advance payment of fees for any work.
- The company's financial condition is sufficient to client service commitments.
- The company has insurance sized appropriately for most potential risks
- The company and its principal have never filed for bankruptcy.

## **Item 19: Requirements for State Registered Advisers**

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

Saffron Capital currently has only one management person: Bradley J Horn. Brad's education, career details, and the summary of his FBI criminal background check can be found in *Form ADV Part 2B Brochure Supplement*.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged**

None. Please see Form ADV Part 2B brochure supplement for details regarding conflicts of interest, if any.

### **C. Calculation of Performance-Based Fees and Degree of Risk to Clients**

Performance-based incentive fees are not part of the company's standard fee structure. We do not allow incentives to create a potential conflict of interest where one client is favored over another.

### **D. Material Disciplinary Disclosures for Management Persons of this Firm**

There are no civil, regulatory, or arbitration proceedings to report under this section.

### **E. Material Relationships That Management Persons Have with Issuers of Securities (If Any)**

Saffron Capital and its principals have no relationships with issuers of securities that create a client conflict of interest. Please see previously reported information in Item 10.C and 11.B.