



Fee Disclosure Document for Advanced Alpha Advisers

Effective Date: June 21, 2025

Firm: Advanced Alpha Advisers, LLC

Regulatory Status: Registered as a Commodity Trading Advisor (CTA) with the Commodity Futures Trading Commission (CFTC) under Rule 4.7 Exemption, Member of the National Futures Association (NFA), NFA ID: [Insert NFA ID].

Purpose

This Fee Disclosure Document outlines the fees and compensation structure for services provided by Advanced Alpha Advisers, LLC ("the Firm"), a fee-based financial advisory firm specializing in portfolio construction, management, and monitoring, with a focus on commodity futures and managed futures strategies. As a fiduciary, the Firm is committed to transparency, aligning our interests with those of our clients, and complying with all applicable CFTC and NFA regulations. This document ensures clients understand all fees, potential conflicts of interest, and additional costs associated with our services.

Fee Structure

The Firm operates a fee-based model, charging flat fees for specific services and assets under management (AUM)-based fees for ongoing portfolio management. Additionally, the Firm may receive fee shares from third-party managers, which are disclosed below to maintain transparency. All fees are quoted in U.S. dollars and are subject to annual review, with clients notified 60 days in advance of any changes.

1. Initial Consultation

Description: A comprehensive meeting to assess the client's financial goals, risk tolerance, investment preferences, and existing portfolio, including preliminary recommendations for commodity futures or managed futures strategies.

Fee: \$500 (flat fee).

Duration: Approximately 1–2 hours.

Fee is waived if the client engages the Firm for portfolio construction or management services within 30 days of the consultation.

Payable upon completion of the consultation.

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Trading futures and options involves a substantial risk of loss and is not suitable for all investors. Carefully consider the suitability based upon your experience, objectives, financial resources, and other relevant circumstances. Past performance is not indicative of future results



2. Portfolio Construction

Portfolio construction fees are tiered based on the number of third-party managers selected, reflecting the complexity of manager due diligence, asset allocation, and strategy customization.

1–2 Managers: Description: Design and implementation of a diversified portfolio with 1–2 managers, tailored to the client’s objectives, often including commodity futures strategies.

Fee: \$2,500 (flat fee).

Notes: Includes manager selection, asset allocation, and initial setup.

2–4 Managers: Description: Construction of a portfolio with 2–4 managers, offering enhanced diversification and specialized strategies.

Fee: \$4,000 (flat fee).

Notes: Includes advanced manager due diligence and coordination.

5+ Managers: Description: Sophisticated portfolio design with 5 or more managers, suitable for complex investment needs or larger portfolios.

Fee: \$7,500 (flat fee).

Notes: Includes in-depth manager analysis, custom allocation models, and enhanced reporting.

Payment Terms: Fees are due upon completion of portfolio construction, invoiced to the client or deducted from the client’s account with prior authorization.

3. Portfolio Management and Monitoring

The Firm offers two options for ongoing portfolio management and daily monitoring, ensuring alignment with client goals and market conditions.

Standard Option:

Description: Ongoing management, daily monitoring, periodic rebalancing, and performance reporting for portfolios, including commodity futures and managed futures strategies.

Fee: 0.75% of AUM per year.

Minimum Annual Fee: \$5,000.

Maximum Annual Fee: \$50,000.

Notes: Fees are calculated based on the average AUM during the billing period, billed quarterly in arrears.



Includes unlimited access to advisers for portfolio-related inquiries.

Discounts may be negotiated for AUM exceeding \$10 million (e.g., 0.60% above \$10M).

Hybrid Option (Fee-Share Clients):

Description: For portfolios allocated to third-party managers from whom the Firm receives fee shares, a reduced AUM fee applies, combined with transparent fee-share compensation.

Fee: 0.50% of AUM per year, with a \$7,500 minimum annual fee, plus a 20% share of performance fees charged by third-party managers (see Fee Shares below).

Notes: Designed for clients preferring manager-driven strategies with performance-based incentives.

AUM fees are billed quarterly in arrears, based on average AUM.

Fee shares are disclosed separately and do not increase client costs.

4. Additional Services

The Firm offers standalone advisory services to enhance client value, leveraging expertise in commodity futures and manager selection.

Manager Due Diligence Reports:

Description: Detailed analysis of commodity futures or managed futures managers, including performance, risk, and operational assessments.

Fee: \$1,500–\$3,000 (flat fee, based on complexity).

Notes: Payable upon delivery of the report.

Portfolio Stress Testing:

Description: Custom simulations of portfolio performance under market shocks or drawdowns, tailored to futures-focused portfolios.

Fee: \$2,000–\$5,000 (flat fee, based on portfolio complexity).

Notes: Payable upon completion of the analysis.



Educational Workshops:

Description: Webinars or in-person sessions on managed futures, commodity markets, or portfolio strategies, targeting family offices and high-net-worth clients.

Fee: \$500–\$1,500 per client (flat fee, based on format and duration).

Notes: Payable at registration.

5. Fee Shares from Third-Party Managers

Description: The Firm may receive compensation from third-party managers to whom client capital is allocated, typically as a 20% share of the performance fees charged by these managers. Additionally, the Firm may negotiate AUM-based fee shares (e.g., 0.10%–0.20% of allocated AUM) to stabilize revenue.

Fee Structure: Performance Fee Share: 20% of the performance fees (e.g., 20% of manager's 20% performance fee on profits, subject to high-water mark).

AUM-Based Fee Share: 0.10%–0.20% of allocated AUM, paid by managers, not clients.

Impact on Clients: Fee shares are paid by managers, not clients, and do not increase client fees.

Clients selecting the Hybrid Option (0.50% AUM, \$7,500 minimum) are informed that fee shares supplement the Firm's compensation.

Transparency: All fee shares are disclosed in client agreements and Form ADV Part 2A (if applicable as an RIA) or CFTC-required disclosure documents.

The Firm mitigates conflicts of interest by selecting managers based solely on client objectives, not fee-share potential, as required by CFTC fiduciary standards.

Additional Costs

Clients are responsible for costs not covered by the Firm's fees, including:

Third-Party Manager Fees: Performance or management fees charged by managers, typically 1.0%–2.0% AUM and 20% of profits, disclosed by managers in their agreements.

Custodial Fees: Fees charged by custodians (e.g., Schwab, Fidelity) for account maintenance or safekeeping, typically 0.01%–0.05% AUM or flat fees.

Transaction Fees: Brokerage or exchange fees for trades, including futures contracts (e.g., \$1.50–\$5 per contract), disclosed by custodians or brokers.



Fund Expenses: Expense ratios or operating costs for funds or pooled vehicles, disclosed in fund documents. The Firm does not receive any portion of these costs, ensuring no hidden compensation.

Billing and Payment Terms

Flat Fees: Invoiced upon service completion (e.g., consultation, construction, due diligence) or at registration (e.g., workshops). Payable within 30 days via check, wire, or account deduction with client authorization.

AUM Fees: Billed quarterly in arrears, calculated on the average AUM during the period. Deducted from client accounts with prior authorization or invoiced directly.

Fee Shares: Paid directly by third-party managers to the Firm, with no client billing. Reported to clients annually for transparency.

Late Payments: A 1.5% monthly late fee may apply to overdue invoices, subject to applicable law.

Conflicts of Interest and Mitigation

Fee Shares: Receiving fee shares from managers could incentivize selecting higher-fee managers. The Firm mitigates this by:

Adhering to CFTC fiduciary standards, prioritizing client interests.

Conducting independent due diligence on managers, documented in client files.

Disclosing all fee shares in client agreements and regulatory filings.

Hybrid Option: The reduced AUM fee (0.50%) in the Hybrid Option ensures clients benefit from lower costs while the Firm maintains stable revenue, aligning interests.

Manager Selection: The Firm selects managers based on performance, risk, and alignment with client goals, not compensation potential, as verified by internal compliance reviews.

Regulatory Compliance

As a CFTC-registered 4.7 exempt CTA and NFA member, the Firm complies with all applicable regulations, including:

Disclosure Requirements: Providing clients with this document and updating it annually or upon material changes.



Fiduciary Duty: Acting in clients' best interests, as required by CFTC Rule 4.7.

Recordkeeping: Maintaining records of fees, fee shares, and client agreements, subject to NFA audits.

Form ADV (if applicable): If registered as an RIA, fee disclosures are also included in Form ADV Part 2A, available upon request.

Client Acknowledgment

Clients will receive a copy of this Fee Disclosure Document prior to engaging the Firm's services. By signing the client agreement, clients acknowledge understanding the fees, fee shares, additional costs, and potential conflicts of interest. Clients may request clarification or additional details at any time.

Contact Information

For questions about this Fee Disclosure Document or the Firm's services, please contact:

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NFA Disclosure: Past performance is not necessarily indicative of future results. Commodity futures trading involves substantial risk of loss and is not suitable for all investors. Clients should carefully review all disclosure documents before investing.