

# 2 SCARECROW ADVISORS, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of SCARECROW ADVISORS, LLC. If you have any questions about the contents of this brochure, please contact us at (952) 250-7463 or by email at: [benfox@scarecrowadvisors.com](mailto:benfox@scarecrowadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about SCARECROW ADVISORS, LLC is also available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). SCARECROW ADVISORS, LLC's CRD number is: 307469*

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*Registration does not imply a certain level of skill or training.*

Version Date 12/31/2025

## Item 2: Material Changes

SCARECROW ADVISORS, LLC was formed in January of 2020 is a Registered Investment Advisor (RIA) in the State of Minnesota. It began providing investment advice to clients in April of 2020.

As of its last filing in March of 2025, no new material changes have occurred.

With regards to Assets Under Management as of December 31, 2025, that has increased to \$74,000,000.00.

Additional information about SCARECROW ADVISORS, LLC is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website provides information about any persons affiliated with SCARECROW ADVISORS, LLC who are registered, or are required to be registered as investment advisor representatives of SCARECROW ADVISORS.

If you would like another copy of this brochure, please download it from the SEC website as indicated on this page one or you may contact Ben Fox at 952-250-7463 or email at [benfox@scarecrowadvisors.com](mailto:benfox@scarecrowadvisors.com). We encourage you to read this document in its entirety.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

SCARECROW ADVISORS, LLC is organized in the state of Minnesota.

This firm was formed in January of 2020 and began offering investment advisory services in April of 2020. Mr. Leonard Fox maintains 100% ownership of the firm. Mr. Leonard Fox is President and Mr. Ben Fox is Vice President and CCO

### B. Types of Advisory Services

SCARECROW ADVISORS, LLC (hereinafter "SCARECROW ADVISORS") offers the following services to advisory clients:

#### *Investment Supervisory Services*

Scarecrow Advisors, LLC offers advisory services including ongoing portfolio management services based on the individual goals, objectives, time horizon, tax status, liquidity needs and assessment of risk tolerance of each client. SCARECROW ADVISORS outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Regular portfolio monitoring
- Personal investment policy
- Asset selection

An **Investment Strategy** is a set of rules or procedures designed to guide an investor's selection of an investment portfolio.

**Asset Allocation** is the implementation of an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment timeframe.

**Portfolio Monitoring** is the process of **actively** and **continuously** monitoring a client's individual portfolio to ensure it is currently meeting the goals and objectives of the client.

**Personal Investment Policy** is an individual investment plan that is created based upon the individual goals, objectives, time horizon, tax status, risk, and time horizon.

**Asset Selection** is the process of choosing specific assets to include in an investment portfolio. This decision-making process is based on factors including the individual's goals, objectives and risk tolerances.

SCARECROW ADVISORS evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. SCARECROW ADVISORS requires discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

### ***Third-Party Investment Advisory Services***

SCARECROW ADVISORS creates and maintains its own proprietary models and strategies, but we may also provide our individualized clients services through the selection of suitable third-party money managers or sub-advisors. Factors considered in the selection of a third-party manager include, but may not be limited to, an IAR's preference for a particular third-party manager, client risk tolerance, investment timeframes, goals, objectives, and the amount of assets available for investment.

All third-party asset managers to whom we refer clients are licensed as investment advisors by their resident states and any applicable jurisdictions or by the Securities and Exchange Commission.

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

SCARECROW ADVISORS generally limits its money management to mutual funds, individual equities, inversed funds, leveraged funds, and ETF/Ns. SCARECROW ADVISORS may use other securities as well to help diversify a portfolio when applicable.

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

SCARECROW ADVISORS offers the same suite of services to all of its clients. Each client's current situation (income, tax levels, and risk tolerance levels) are used in the selection of a portfolio that matches restrictions, needs, and targets.

Upon written communication, clients may impose restrictions (which are memorialized in each client IPS) in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent SCARECROW ADVISORS from properly servicing the client account, or if the restrictions would require SCARECROW ADVISORS to deviate from its standard suite of services, SCARECROW ADVISORS reserves the right to end the relationship.

## D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. SCARECROW ADVISORS DOES NOT participate in any wrap fee programs.

## E. Amounts Under Management

SCARECROW ADVISORS has the following approximate assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$ 74,000,000.00	\$0.00	December 2025

# Item 5: Fees and Compensation

## A. Fee Schedule

### *Investment Supervisory Services Fees*

Scarecrow Advisors, LLC charges a straight line 2.5% fee to all clients. We do not offer a tiered fee arrangement based on levels of Assets under Management (AUM). Fees can be negotiated, but the negotiated rate must be agreed upon by both the client and advisor and will be based upon the complexity and services required to maintain the client account. The Client will pay the Advisor a monthly Investment Advisory Fee of 0.2083% (based on the annual 2.5% rate divided by the number of months {12} and the value of the account on the last business day of the prior month. The Custodian will automatically deduct investment Advisory Fees from the Client Account based on client authorization or the client may choose to be directly billed by Scarecrow Advisors. If this method is selected client may pay by check or electronic transfer. Client may terminate the Agreement within five (5) business days of signing, without penalty, and with full refund. Deducted fees will be itemized on the custodial statement. All unearned fees are returned to the client at a pro-rata basis. Lower fees and comparable services may be available from other sources.

## B. Payment of Fees

### *Payment of Investment Supervisory Fees*

Advisory fees are withdrawn directly from the client's accounts with client written authorization or may be invoiced and billed directly to the client in advance on a monthly basis. Clients may select the method in which they are billed. If the direct billing method

is selected client may pay by check or electronic transfer. Fees will be collected at the beginning of each month. The account value used in the fee calculation will include all positions, cash, dividends (declared and paid), accrued income and interest payments (unless specifically excluded in the agreement or in writing to the advisor). Each time the Advisor charges a fee, the Advisor will send the client a written invoice, including the fee, the formula used to calculate the fee, the fee calculation itself, the time period covered by the fee, and if applicable, the amount of assets under management on which the fee was based. Also, the Advisor will include the name of the custodian(s) on the fee invoice. The Advisor will send these to the client concurrent with the request for payment or payment of the Advisor's advisory fee. We urge the client to compare this information with the fees listed in the account statement.

### **C. Clients Are Responsible for Third-Party Fees**

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, internal mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by SCARECROW ADVISORS.

### **D. Prepayment of Fees**

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid monthly in advance. If an account is terminated or closed, fees charged in advance will be provided with a refund on any unearned prepaid fees on a pro rata basis. Each time the Advisor charges a fee, the Advisor will send the client a written invoice, including the fee, the formula used to calculate the fee, the fee calculation itself, the time period covered by the fee, and if applicable, the amount of assets under management on which the fee was based. Also, the Advisor will include the name of the custodian(s) on the fee invoice. The Advisor will send these to the client concurrent with the request for payment or payment of the Advisor's advisory fee. We urge the client to compare this information with the fees listed in the account statement.

### **E. Outside Compensation for the Sale of Securities to Clients**

Neither SCARECROW ADVISORS nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

SCARECROW ADVISORS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

SCARECROW ADVISORS generally provides management supervisory and institutional consulting services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Institutional Clients

SCARECROW ADVISORS typically requires an account minimum of \$50,000.00, but this minimum may be waived on firm discretion.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

SCARECROW ADVISORS's methods of analysis may include fundamental analysis, technical analysis and cyclical analysis. Each of these methods may be assessed using quantitative measures, and the weightings of the methods themselves may vary over time.

a) *Fundamental analysis* involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

b) *Technical analysis* involves the analysis of past market data; primarily price and volume.

c) *Cyclical analysis* involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

#### *Investment Strategies*

SCARECROW ADVISORS may use short-term trading, short sales for hedging purposes, margin transactions, and options writing (limited to covered options or spreading strategies).

SCARECROW may employ a breadth of strategies from longer-term/strategic approaches, as matched to client goals and objectives.

a) *Strategic Approach*. Strategic asset allocation is a target allocation of asset classes a client may expect to have in place for a long period of time. Asset allocation explains how an investor may divide their money into various categories, such as stocks, bonds, and cash. The target allocation is expected to remain relatively the same within

identified bounds and the portfolio would be re-balanced back to the appropriate allocation as needed. Strategic asset allocation looks more at the overall risk of the portfolio, and therefore takes a long-term view.

- b) **Tactical Approach.** Tactical asset allocation is a short to intermediate term view that looks for investment opportunities in the market. Tactical allocation allows an investor to move into and out of, or overweight and underweight certain areas of the market.

## **B. Material Risks Involved**

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

- a) **Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.
- b) **Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.
- c) **Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

### ***Investment Strategies***

- A) **Short-term trading**, where buying and selling of positions is within a short time range with the desire to capitalize on the movement of the position.
- B) **Short sales** for hedging purposes is a strategy used to protect/ hedge against the risk of a declining asset price by shorting an asset or using a derivative contract that hedges (protects) against potential loss by selling the owned investment at a specified price.
- C) **Margin transactions** consist of a loan made to a client by the custodian to cover a portion of the transaction cost.
- D) **Options writing** is when you are paid for potential gains up front when you sell the option contract.

These strategies generally hold greater risks and clients should be aware that there is a commensurately greater material risk of loss using any of the strategies, if employed. Shorter-term approaches also feature increased trading costs and taxes, which reduce total returns.

***Investing in securities by applying any strategy generally involves a significant risk of loss that you, as a client, should be prepared to bear. The adviser's approaches may not***

*be suitable for all investors. All investing is risky and past performance, whether actual or tested, is no guarantee of future results or profitability.*

### **C. Risks of Specific Securities Utilized**

SCARECROW ADVISORS generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it may utilize inverse and leveraged funds, which generally hold greater risk of capital loss, have a higher transaction cost, and the potential for short term capital gains. Clients should be aware that there is a material risk of loss using any of those strategies. Reasonable restrictions on security selection and trading will be accepted for all SCARECROW ADVISORS model approaches to investing.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned above).

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Stocks & Exchange Traded Funds/Notes (ETF/N):** Investing in stocks & ETF/N's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding or counter-party bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

**Short-term trading** risks include economic stability.

**Short sales/Inverse Funds:** Risks include the upward trend of the market and the possibility of loss. Short selling/use of inverse funds is an investment strategy with a high level of inherent risk. The practice involves the selling of assets that the investor does not own. The investor borrows the assets from a third-party lender with the obligation of buying identical assets later to return to the third-party lender. Individuals who engage in this activity only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets. The risk of loss on a short sale is theoretically unlimited since the price of any asset can climb indefinitely.

**Leverage/ Margin/ Enhanced Funds:** Risk for traders based on margin can be described as the risk of losing more in exchange for the potential of gaining as much. Before

creating margin positions or purchasing funds using leverage, it is important to understand this risk and to be willing to accept it or, if not, to avoid margin/ levered trading altogether. Margin transactions use leverage that is borrowed from a brokerage firm as collateral. The use of margin involves the possibility that the client may lose more than the amount initially invested and interest rate risks.

**Options Writing:** Involves a contract to purchase a security at a given price, not necessarily at market value, depending on the market. ECA's option activity will be limited to use of covered calls, puts and spreads.

**Please Note - Inverse/ Enhanced Market Strategies:** As described above, ECA may utilize long and short mutual funds and/or ETF/Ns that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of more than 1 times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. Enhanced or leveraged strategies come with additional and significant risk as losses are magnified as the daily compounding factor can have a detrimental impact on the owner of the shares. There can be no assurance that any such strategy will prove profitable or booming. Considering these enhanced risks/rewards, a client may direct ECA, in writing, not to employ any or all such strategies for their account(s).

## Item 9: Disciplinary Information

### A. Criminal or Civil Actions

There are no criminal or civil actions to report.

### B. Administrative Proceedings

There are no administrative proceedings to report.

### C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

## Item 10: Other Financial Industry Activities and Affiliations

### A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither SCARECROW ADVISORS nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

## **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither SCARECROW ADVISORS nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

## **C. Relationships Material to this Advisory Business and Possible Conflicts of Interests**

SCARECROW ADVISORS is required to disclose certain financial industry activities and affiliations. Through its Code of Ethics, SCARECROW ADVISORS requires all Investment Advisors to adhere to all State and Federal Securities Laws, firm policies and be properly licensed or registered with the appropriate agency prior to engagement with clients.

Scarecrow Advisors will identify Conflicts of Interests and ensure through our Policies and Procedures process to mitigate these Conflicts of Interests. Scarecrow Advisors will inform clients through disclosure of Conflicts of Interest and its impact; or by avoiding the service or activity that gives rise to the Conflict of Interest.

Mr. Leonard Fox is also owner and President of Scarecrow Trading, LLC. This endeavor offers trading signals to Registered Investment Advisors (RIA's) and Investment Advisor Representatives (IAR's). Scarecrow Trading services are not offered to clients.

Mr. Benjamin Fox is the Vice President of Scarecrow Trading Inc. In this endeavor Scarecrow Trading Inc. and Mr. Benjamin Fox provide trading signals to RIA's. Since only signals are provided, there is no conflict of interest.

## **D. Selection of Other Advisors or Managers/Strategists and How This Advisor is Compensated for Those Selections**

SCARECROW ADVISORS does not recommend or select other investment advisors. Though SCARECROW TRADING and SCARECROW ADVISORS share

key personnel in regard to Mr. Leonard Fox and Mr. Benjamin Fox, and there is potential for conflicts of interest, this conflict of interest is mitigated by Scarecrow Trading not maintaining any retail clients and acting solely as a signal provider to SCARECROW ADVISOR Inc.

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

## **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

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

SCARECROW ADVISORS does not recommend that clients buy or sell any security in which a related person to SCARECROW ADVISORS or SCARECROW ADVISORS has a material financial interest.

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

From time to time, representatives of SCARECROW ADVISORS may buy or sell securities for themselves that they also recommend to clients. This provides an opportunity for representatives of SCARECROW ADVISORS to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. SCARECROW ADVISORS will always document any transactions that could be construed as conflicts of interest and will always transact client business before or simultaneous to their own when similar securities are being bought or sold. Trading of affiliates is prohibited from front running or disadvantaging clients.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of SCARECROW ADVISORS may buy or sell securities for themselves at or around the same time as clients. This provides an opportunity for representatives of SCARECROW ADVISORS to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. SCARECROW ADVISORS will always transact client's transactions either before or simultaneous to its own when similar securities are being bought. Trading of affiliates is prohibited from front running or disadvantaging clients.

# **Item 12: Brokerage Practices**

## **A. Factors Used to Select Custodians and/or Broker/Dealers**

SCARECROW ADVISORS generally recommends that clients utilize the custody, brokerage and clearing services of Charles Schwab (“Schwab”). This Custodian is chosen based on their relatively low transaction fees, client-matched services and access to mutual funds and ETPs. SCARECROW ADVISORS will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian. SCARECROW ADVISORS may receive soft dollar benefits from Schwab. This benefit may be in the form of research and if received, is purely coincidental. Though other custodians may have lower transaction costs, we believe that the requirement to use Schwab is in the client’s best interest based on the services they provide, low transaction fees, client-matched services and access to mutual funds, options and ETF’s. We place trades for client accounts subject to our duty of best execution and other fiduciary duties.

**1. *Brokerage for Client Referrals***

SCARECROW ADVISORS receives no referrals from a broker-dealer or third-party in exchange for using that broker-dealer or third party.

**2. *Clients Directing Which Broker/Dealer/Custodian to Use***

SCARECROW ADVISORS may allow clients to direct SCARECROW ADVISORS to use a specific broker-dealer to execute transactions on a case-by-case basis. Generally speaking; however, clients are requested to select an SCARECROW ADVISORS recommended custodian (broker-dealer).

**B. Aggregating (Block) Trading for Multiple Client Accounts**

SCARECROW ADVISORS maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing SCARECROW ADVISORS the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

**Item 13: Reviews of Accounts**

**A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed as requested by the client and no less than annually by Leonard C Fox, President and founder or Mr. Ben Fox, Vice President and CCO. Advisor will meet with clients once a year to review Investment Policy Statement (IPS) to ensure the IPS still accurately reflects clients financial profile.

## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

## **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly from the custodian, a written statement that details the client's account including assets held and asset value which will come from the custodian.

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

## **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (includes Sales Awards or Other Prizes)**

Other than soft dollar disclosed in item 12 of this document, Scarecrow Advisor does not receive any economic benefit from external sources

## **B. Compensation to Non – Advisory Personnel for Client Referrals**

SCARECROW ADVISORS does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

# **Item 15: Custody**

SCARECROW ADVISORS requires clients to use Charles Schwab for their securities profiles. SCARECROW ADVISORS does not accept or maintain physical custody of client funds or securities. However, with written authority direct fee deduction is required. Clients should compare the statements received by the custodian with the invoices received from SCARECROW ADVISORS, LLC and promptly notify SCARECROW ADVISORS of any discrepancies. SCARECROW ADVISORS reviews money handling activity of the client accounts and of the advisor to ensure that custody of client funds is not exercised beyond what is provided for in the Investment Management Agreement irrespective of the terms of the Advisor's Custodial Agreement. In addition, the financial institutions that act as the qualified custodian for client accounts from which the firm retains the authority to directly deduct fees, have agreed to send statements not less than quarterly detailing all account transactions including any amount paid to SCARECROW ADVISORS. Clients will receive all required account statements and billing invoices that are required in each jurisdiction. Clients should carefully review all statements for accuracy.

## **Item 16: Investment Discretion**

SCARECROW ADVISORS offers both discretionary and non-discretionary accounts. For those discretionary client accounts where SCARECROW ADVISORS provides ongoing supervision, the client is required to give SCARECROW ADVISORS written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides SCARECROW ADVISORS discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian. Clients may impose trading restrictions if desired.

As noted above in item 4(c), Upon written communication, clients may impose restrictions (which are memorialized in each client IPS) in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent SCARECROW ADVISORS from properly servicing the client account, or if the restrictions would require SCARECROW ADVISORS to deviate from its standard suite of services, SCARECROW ADVISORS reserves the right to end the relationship.

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

SCARECROW ADVISORS will not ask for, nor accept voting authority for client securities.. Clients may call us with questions regarding proxies they have received, but Scarecrow Advisors does not provide advise on how to vote proxies.

## **Item 18: Financial Information**

### **A. Balance Sheet**

SCARECROW ADVISORS does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither SCARECROW ADVISORS nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

SCARECROW ADVISORS has not been the subject of a bankruptcy petition in the last ten years.

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

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

SCARECROW ADVISORS currently has two management persons/executive officers; Leonard Fox is Owner and President, Mr. Ben Fox is Vice President, CCO and Investment Advisor Representative. Both Leonard Fox's and Benjamin Fox's education and business background can be found on the Supplemental ADV Part 2B form.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Mr. Leonard Fox is owner and President of Scarecrow Trading LLC. In this endeavor Scarecrow Trading LLC. and Mr. Leonard Fox provide trading signals to RIA's and IAR's. Since only signals are provided, there is no conflict of interest. Mr. Fox spends approximately four hours a week during market hours on this activity

Mr. Benjamin Fox is the Vice President of Scarecrow Trading Inc. In this endeavor Scarecrow Trading Inc. and Mr. Benjamin Fox provide trading signals to RIA's and IAR's. Since only signals are provided, there is no conflict of interest. Mr. Fox spends approximately twenty hours a week during market hours on this activity.

### **C. How Performance Based Fees are Calculated and Degree of Risk to Clients**

SCARECROW ADVISORS nor its owners or supervised persons do not receive or accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

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

No management person at SCARECROW ADVISORS or SCARECROW ADVISORS has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

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

Neither SCARECROW ADVISORS, nor its management persons, has any relationship or arrangement with issuers of securities.