The following are some of the main differences in the two ways you can invest with us as a taxable US investor. Please see offering documents for full details.

The benefits of investing in the Fund over the SMA:

- The fund is slightly more cost and tax efficient, owing to its larger size compared to the average SMA account, which for example allows access to institutional share classes of some index funds in which the fund invests. If you are considering making an investment of over $10mm there would not be much difference.
- If the fund continues to grow, which we hope will be the case, inflows allow us to rebalance the portfolio more cost and tax efficiently by buying what we need to increase and allowing dilution to reduce what we want to decrease, rather than having to sell and thereby pay transactions costs and realize capital gains.
- The fund uses Vanguard as its custodian and broker and pays zero commissions on all trades. On the other hand, trades in an SMA at Fidelity are subject to commissions on ETF and mutual fund trades. Those commissions don't add up to many basis points on an SMA if the SMA is $1mm or more, but for a $300k SMA the commissions probably add 5bp in a typical year of cost (although we take commissions into account in our management of the each SMA, they can be more or less than that each year).
- The Fund has a slightly more granular and diversified Baseline asset allocation, with 21 buckets as compared to 15 buckets for the SMA program. The main differences in asset buckets are that SMA program does not have separate buckets for commodities and non-US real estate companies, and Europe x-UK and the UK are combined, as are Japan and Developed Asia x-Japan.
- The fund has an administrator and produces audited financials each year, while the Separately Managed Accounts do not. The fund produces a tax statement in the more summarized form of a k-1 rather than the 1099 and list of trades that come from Fidelity for the managed account.

On the other hand, investing in one of our SMAs has a number of benefits:

- The main attraction of the SMA, besides the reduced minimum and being available to investors who are not QPs, is that the account is in your name and you can take over the account at any point in time by instructing Fidelity to remove Elm Partners as manager of the account, which is even greater liquidity than the monthly liquidity of our fund.
- The SMA offers even greater transparency than the fund in that you get to see a confirm of each transaction we do in your account the day we do it (for some this could be a negative, but then you could suppress confirm reporting).
- The SMA also benefits from $500k of SIPC insurance.
- The fund allows investors to subscribe and redeem at NAV each month, and the transactions costs, which are quite small given the type of holdings in the fund, are borne by all investors who remain in the fund, whereas in the SMA you are only subject to the transactions costs that pertain to your own subscriptions and redemptions. This is a hard effect to quantify and we think it's a pretty small effect, especially as the Fund heavily uses index funds which themselves allow investment and redemption at NAV without a transactions cost.