

Calabash Asset Management, LLC Firm Brochure - Form ADV Part 2A

This Brochure provides information about the qualifications and business practices of Calabash Asset Management, LLC ("Calabash"). If you have any questions about the contents of this Brochure, please contact us at +1 (216) 201-0956 or by email at: Welshg@gmail.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 Calabash Asset Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. Calabash Asset Management, LLC's CRD Number is: 287793. Registration does not imply a certain level of skill or training.

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Item 2 – Material Changes

This is the initial Brochure for Calabash Asset Management, LLC and there are no material changes to report.

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Item 4: Advisory Business

Calabash Asset Management, LLC ("Calabash") is a Limited Liability Company organized in the State of Maryland. Calabash was formed in September 2016, and its principal owner is Glaister E. Welsh. Calabash has commenced operations and Calabash has fifty five thousand dollars (\$55,000) of client assets under management as of the date of this Brochure.

Calabash offers a proprietary online interactive website through which it provides investment advice to clients. The website is a computer software-based model that provides investment advice based on personal information each client submits through the website.

The online process starts with an interactive interview whereby clients answer a few short questions about their investment objectives. Based on the answers provided, the Calabash algorithm recommends the next steps to the client. This step is typically a recommendation on a portfolio plan. The clients will then create an account at the broker and then fund their account. Calabash offers portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Calabash requires discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Calabash seeks to provide that investment decisions are made in accordance with its fiduciary obligations owed to its clients and without consideration of Calabash's economic, investment or other financial interests. To meet its fiduciary obligations, Calabash attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage any client portfolios. It is Calabash's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among all of its clients on a fair and equitable basis over time.

Prior to engaging Calabash to provide investment advisory services, each client is required to enter into an online Investment Advisor Contract ("IAC") with Calabash that defines the terms, conditions, authority and responsibilities of Calabash and the Client. Clients may terminate the IAC at any time and immediately upon written notice to Calabash. These services include the following:

- Establishing an Investment Policy Statement - Calabash, through its online portal, in connection with the client, will develop a statement that summarizes the client's investment goals and objectives along with the strategy[ies] to be employed to meet the objectives. Calabash then creates an Investment Policy Statement ("IPS") for each client. Risk tolerance levels are documented in the IPS, which can be provided to each client. An IPS generally includes specific information on the client's stated goals, time horizon for achieving the goals, investment strategies, client risk tolerance and any restrictions imposed by the client.

- Asset Allocation - Calabash will develop a strategic asset allocation that is targeted to meet the client's investment objectives, time horizon, financial situation and risk tolerance.
- Portfolio Construction - Calabash will construct a portfolio for the client that is intended to meet the stated goals and objectives of the client.
- Investment Management and Supervision - Calabash will provide investment management and ongoing oversight of the client's investment portfolio.

Item 5: Fees and Compensation

The Management Fee is set forth in the schedule below. The computation of the Management Fee is to be made as of the end of each calendar year and one hundred percent (100%) of the Management Fee shall be paid immediately after December 31. A pro rata Management Fee is charged to Clients on any amounts permitted to be invested or withdrawn during any calendar year.

Calabash uses the average daily balance of assets value for the annual billing period. The average daily balance is calculated by taking the sum of a client's account balance at the end of each day of the billing cycle divided by the number of days in the billing cycle. Calabash maintains and/or has access to, a record of a client's account balance for each day in the billing cycle. These fees are generally negotiable and the final fee schedule is attached as Exhibit II of the IAC.

A client is sent an invoice for the Management Fee and the Management Fee is withdrawn immediately from the client's account. Clients are responsible for the payment of all trading account fees (i.e. custodian fees, brokerage fees, transaction fees, etc.). Those fees are separate and distinct from the fees charged by Calabash. Calabash is required to disclose that lower fees for comparable services may be available from other sources. Please see Item 15 of this brochure for more information regarding the deduction of the Management fee from client accounts.

Assets Under Management	Annual Fee
\$0 to \$500,000	1.5% plus \$150
\$500,000.01 to \$1,000,000	1.0% plus \$150
\$1,000,000.01 to \$5,000,000	0.6% plus \$150
\$5,000,000.01 to \$10,000,000	0.45% plus \$150
Over \$10,000,000	0.25% plus \$150

Item 6: Performance-Based Fee

Calabash does not charge a performance-based incentive fee.

Item 7: Types of Clients

Calabash generally provides advisory services to the following types of clients:

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

The minimum account size that shall be accepted by Calabash is one thousand U.S. dollars (\$1,000) and the client may add to or withdraw funds from its investment account in any increment at any time, with no minimum subsequent investment amount. Calabash can waive the minimum account size in its sole discretion. Calabash will never charge more than two percent (2%) of assets under management per year.

Item 8: Method of Analysis, Investment Strategies, and Risk of Loss

Calabash will rely on both fundamental and technical strategies developed by its Managing Member and Chief Compliance Officer, Mr. Welsh. Mr. Welsh' has developed strategies that are methodical, time tested, and data driven whose historical performance either matches or are superior to comparable benchmarks on both an absolute and risk-adjusted basis. Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. Technical analysis involves the analysis of past market data; primarily price and volume.

Calabash includes fundamental analysis, and momentum analysis to identify potential price inefficiencies in the market. The main sources of information include; Investors Business Daily newspaper, Morningstar reports, fund prospectuses, other financial newspapers and magazines, research materials provided by others, filings with the Securities and Exchange Commissions, and annual reports. Mr. Welsh also attends meetings with fund and portfolio managers, conference calls and industry conferences.

As a general rule, Calabash employs strategic asset allocation strategies for portfolio management. Calabash may sometimes use passive-managed index and exchange-traded funds when appropriate. Calabash minimizes market risk by maintaining a certain level of liquidity. Calabash also diversifies portfolios to control the risk associated with traditional markets.

Calabash has a specific investment and trading strategy and Calabash selects clients whose investment objectives, risk profile and time horizons are a fit for that investment

strategy. The client may change these objectives at any time. The client's goals and objectives are recorded via online interactions and via correspondence with the client. Each client portfolio is constructed based on the online profile created by the client.

Accuracy of Public Information Risk. Calabash selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made publicly available by the issuers or through sources other than the issuers. Although Calabash evaluates this information and data and ordinarily seeks independent corroboration as appropriate and reasonably available, Calabash is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

Short Sales. Calabash may from time to time sell short investments believed to be overvalued. This technique involves the sale of securities not owned by a Client in the expectation of being able to repurchase the same securities at a lower price at a later date. To make delivery, the Client must borrow securities. All rights of ownership remain with the lender and the Client is responsible to the lender for dividends or other distributions during the time the securities are borrowed. Cash is realized by the selling broker as a result of the short sale and in some instances the Client may receive a negotiated portion of the interest on these funds. The Client will incur a loss on such a position if the price of the securities involved increases between the date of the short sale and the date on which Calabash "covers" a Client's position by purchasing the securities to replace those borrowed. The Client will realize a gain if the securities decline in price between those dates. See "Risk Factors."

Uninvested Assets. Assets not invested in securities or deposited as margin or paid as premiums generally will be invested in money market instruments, including, without limitation, Treasury notes and bills, certificates of deposit, commercial paper, broker balances, bankers' acceptances, repurchase agreements or mutual funds that invest in such securities. For temporary defensive purposes, a Client's account may consist of cash or other money market instruments.

Portfolio Turnover. Calabash will actively manage Client accounts. Calabash may make adjustments to the Client's portfolio if it believes that market conditions or research opinions affecting the market or individual issues warrant such action or as a result of changes in Calabash's risk tolerance or to take advantage of short-term trading opportunities. Accordingly, a Client's account may be expected to turn over frequently during the course of a year. In such circumstances, the Client may have a higher portfolio turnover rate and pay greater brokerage commissions than portfolios with a lower portfolio turnover rate.

Risks Associated with Investments. Any investment carries certain market risks. Investments may decline in value for any number of reasons over which Calabash may have no control, including changes in the overall market for equity and/or debt securities, and factors pertaining to particular portfolio securities, such as management, the market for the issuer's products or services, sources of supply, technological changes within the issuer's industry, the availability of additional capital and labor, and other similar conditions. The value of a Client's portfolio will fluctuate, and there is no assurance of capital growth. The profit (or loss) derived from investment transactions consists of the price differential between the price of the securities purchased and the value ultimately realized from their disposition, plus any dividends or interest received during the period that the securities are held, less transaction costs (consisting mainly of brokerage commissions). If investment held long (held short) do not increase (decrease) in value as anticipated, Calabash may sell them without a gain or at a loss.

Leverage. Leveraging creates an opportunity for increased net income or capital appreciation but, at the same time, creates special risk considerations. Although the principal of borrowings underlying any leverage will be fixed, the value of a Client's account may change in value during the time the borrowing is outstanding. Since any decline in value of a Client's account will be borne entirely by the Client (and not by those persons providing the leverage to the Fund), the effect of leverage in a declining market would be a greater decrease in the value of a Client's account than if the Client were not so leveraged. Leveraging will create interest expenses for the Client, which can exceed the investment return from the borrowed funds. To the extent the investment return derived from securities purchased with borrowed funds exceeds the interest the Client will have to pay, the Client's investment return will be greater than if leverage were not used. Conversely, if the investment return from the assets acquired with borrowed funds is not sufficient to cover the cost of leveraging, the investment return in the Client's account will be less than if leverage were not used.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

There is no criminal, civil, administrative actions or proceeding to report.

Item 10: Other Financial Industry Activities and Affiliations

Neither Calabash nor Mr. Glaister E. Welsh is registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer. Moreover, neither are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

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

Calabash has 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. Calabash's Code of Ethics is available free upon request to any client or prospective client.

Calabash does not recommend that clients buy or sell any security in which a related person to Calabash or Calabash has a material financial interest. From time to time, representatives of Calabash may make trades and investments for their own accounts. In these accounts, they may use trading and investment methods that are similar to, or substantially different from, the methods used by them to direct client accounts. The records of these personal accounts will not be made available to clients. From time to time, representatives (i.e., Mr. Glaister E. Welsh) of Calabash may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Calabash 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; however, Calabash will never engage in trading that operates to the client's disadvantage if representatives of Calabash buy or sell securities at or around the same time as clients.

Item 12: Brokerage Practices

Calabash recommends that clients open accounts at Interactive Brokers based on Calabash's duty to seek "best execution" which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Calabash's objective in selecting custodians such as Interactive Brokers to effect portfolio transactions is to seek the best combination of price and execution for clients. The best net price, giving effect to sales commissions charged by the custodian, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental factors are considered. In applying these factors, Calabash recognizes that different custodians may have different execution capabilities with respect to different types of securities. In determining whether a particular custodian is likely to provide best execution, Calabash takes into account all factors that it deems relevant to the custodian's execution capability. Every three to five years, Calabash is required to survey custodians to ensure that Interactive Brokers is the best custodian available to its clients. When client brokerage commissions are used to obtain research or other products

or services, Calabash receives a benefit because Calabash does not have to produce or pay for the research, products or services.

While Calabash has no formal soft dollars' program in which soft dollars are used to pay for services, Calabash receives at no charge research, products, and/or other services from custodians (such as Interactive Brokers) "soft dollar benefits" in connection with client securities transactions. Such soft-dollar arrangements are consistent with and not outside of the scope of the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar benefits and Calabash does not seek to allocate any benefits to client accounts in proportion to any soft dollar benefits generated by client accounts. Calabash benefits by not having to produce or pay for the research, products or services (whether Calabash uses the soft dollars' benefits or not) and Calabash may have an incentive to select or recommend a custodian such as Interactive Brokers based on Calabash's interest in research, or other products or services. Clients should be aware that Calabash's deemed acceptance of soft dollar benefits could result in higher commissions charged to the client by the custodian. The availability of soft dollar benefits creates a conflict of interest for Calabash.

Calabash receives no referrals from Interactive Brokers in exchange for referring its clients to Interactive Brokers.

Calabash permits clients to select a custodian; however, Calabash encourages its clients to select Interactive Brokers. If a client selects a different custodian, the client will be required to acknowledge in writing that the client's choice with respect to the use of a custodian other than Interactive Brokers supersedes any authority granted to Calabash to select the custodian and this decision may result in higher commissions for the client. This may also result in a disparity between client accounts. Trades for the client will be executed after trades taken in client accounts maintained at Interactive Brokers. In this case, the most favorable trade execution may not be achieved, which may cost the client more. By directing clients to Interactive Brokers, Calabash will be able to aggregate or bunch the securities to be purchased or sold for multiple clients.

Item 13: Review of Accounts

All client accounts are reviewed at least monthly by Calabash through Mr. Glaister E. Welsh with regard to a client's IPS. Other than monthly 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). Clients receive at least quarterly an account statement from the custodian detailing the client's account, including assets held, asset value, and fees deducted. Calabash does not provide additional written reports. All account statements will be sent by the custodian and clients should carefully review those account statements for accuracy.

Item 14: Client Referrals and Other Compensation

Calabash does not receive any economic benefit, directly or indirectly from any third party for advice rendered to Calabash's clients. Calabash does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

Item 15: Custody

When advisory fees are deducted directly from client accounts by the custodian, Calabash is deemed to have constructive custody of client's funds and securities. As a result of this type of custody, Calabash is required to have written authorization from the client to deduct applicable fees. Clients will receive invoices from Calabash and clients should carefully review those invoices for accuracy. Further, pursuant to Maryland Code of Regulations (if the investment adviser or investment adviser representative has custody, due solely by having fees directly deducted from the client accounts), Calabash is required to comply with and meet the following safeguard requirements:

- a. **Written Authorization.** The investment adviser must have written authorization from the client to deduct fees from the account held with the qualified custodian;
- b. **Notice of fee deduction.** Each time a fee is directly deducted from a client account, the investment adviser must concurrently:
 - i. Send the custodian an invoice specifying the amount of the fee to be deducted from the client's account; and
 - ii. Send the client an invoice specifying and itemizing the fee. Itemization includes the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee;
- c. The custodian sends statements to the clients showing all disbursements for the custodian account, including the amount of the advisory fee. Statements should coincide with the investment adviser or investment adviser representative billing period.
- d. The investment adviser notifies the Commissioner in writing that the investment adviser intends to use the safeguards provided above. Such notification is required to be given on Form ADV.

Calabash urges its clients to compare the account statements they receive from the qualified custodian against those they receive from Calabash.

Item 16: Investment Discretion

Calabash only provides discretionary investment advisory services to clients. The IAC established with each client sets forth the discretionary authority for trading. Calabash manages the client's account and makes 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. Client will execute a limited power of attorney to evidence discretionary authority.

Limitations on Discretionary Authority

Clients may impose reasonable restrictions, limitations or other requirements with respect to their individual accounts. Any limitations on Calabash's discretionary authority to manage securities accounts on behalf of a Client would be initiated and imposed by the Client.

Examples of common guideline restrictions include:

- Limitations prohibiting the purchase of certain securities or industry groups;
- Limitations on the purchase or sale of a particular type of security (taxable/tax-exempt);
- Limitations on the purchase or sale of securities within a particular sector;
- Limitations with respect to the weighted average maturity or duration for a portfolio; and
- Limitations with respect to asset allocation for balanced portfolios.

Specific client investment restrictions may limit Calabash's ability to manage those assets like other similarly managed portfolios. This may impact the performance of the account relative to other accounts. Clients should be aware that restrictions may impact performance.

Item 17: Voting Client Securities (Proxy Voting)

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

Item 18: Financial Information

Calabash neither requires nor solicits prepayment of more than \$500 in fees per client, six

months or more in advance, and therefore is not required to include a balance sheet with this brochure. Neither Calabash nor Mr. Glaister E. Welsh has any financial condition

that is likely to reasonably impair Calabash's ability to meet contractual commitments to clients. Calabash has not been the subject of a bankruptcy petition in the last ten years.

Item 19: Requirements for State Registered Advisers

Calabash currently has only one principal, Mr. Glaister E. Welsh. Education and business background can be found on the individual's Form ADV Part 2B brochure supplement. Other business activities for each relevant individual can be found on the Form ADV Part 2B brochure supplement for each such individual. Calabash is required to disclose the pertinent facts regarding any legal or disciplinary events material to a client's evaluation of Glaister E. Welsh. There are no civil, administrative, self-regulatory organization or arbitration proceedings to report. Neither Calabash, nor Mr. Glaister E. Welsh has any relationship or arrangement with issuers of securities. See Item 10 and 11 for further information.