



## Client Disclosure Brochure (Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of Owl Finance, Inc. If you have any questions about the contents of this brochure, please contact us at: 832-630-7841, or by email at: [info@owlinvest.com](mailto:info@owlinvest.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 Owl Finance, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2: Material Changes**

There are no material changes from the previous filing.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Owl Finance, Inc. (Owl), founded in 2010, is an online-only investment advisory service registered with the Securities and Exchange Commission. The principal owners are Nirav Batavia and David Neubauer.

Within the Owl web service, clients can either choose to answer a series of questions resulting in a recommended portfolio, or they can employ the custom portfolio construction feature to build the portfolio of their choosing using asset allocation. PLEASE NOTE: Owl requires clients to provide accurate and complete information in order to generate recommendations based on their personal circumstances. The advice is useful only to the extent that clients provide adequate information.

The recommended asset classes include small and large stocks, value and growth stocks, domestic and international securities, emerging market securities, and government bonds. Owl's approach to asset allocation is influenced by the work of Eugene Fama, who shaped the role of financial science in investing through their development of Modern Portfolio Theory and the 3-factor model. Modern Portfolio Theory states that a portfolio diversified across asset classes offers the best opportunity for an investor to achieve the highest possible return for a given level of risk. Owl employs a "buy, hold, and rebalance" approach to asset management. The practice of this style of asset management is based on the belief that market timing and active management is not proven as successful, and risk-based asset allocation with a portfolio of index funds is correct. The focus for the investor should be how much the investor can risk losing and how long they are willing to stay invested in the market. Clients who are interested in market timing are discouraged from opening an account at Owl. Owl is strictly a fee-only registered investment advisory firm. Investment advice is provided, with the client making the final decision on investment selection. The client may engage other professionals (e.g., lawyers, accountants, insurance agents, etc.) at their discretion to help them with their investment decision. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

### B. Types of Advisory Services

Owl offers investment advice and portfolio optimization services to individuals through <http://owlinvest.com>. Owl's goal is to provide you a web-based investment management service through which where you can receive comprehensive investment advice for all of your portfolio holdings in one place.

To become a client, clients elect to pay a monthly, quarterly or annual subscription fee resulting in access to the Owl web service that allows them to build and manage their portfolios. Within the Owl web service, clients can either choose to answer a series of questions resulting in a recommended portfolio, or they can employ the custom portfolio construction feature to build the portfolio of their choosing using asset allocation. PLEASE NOTE: Owl requires clients to provide accurate and complete information in order to generate recommendations based on their personal circumstances. The advice is useful only to the extent that clients provide adequate information.

Asset allocation is the division of a portfolio's investments among asset classes to balance expected risk and expected reward. These asset classes include but are not limited to small and large stocks, value and growth stocks, domestic and international securities, emerging market

securities, and government bonds. Owl employs a “buy, hold and rebalance” approach to asset management. The client may engage other professionals (e.g., lawyers, accountants, insurance agents, etc.) at their discretion to help them with their investment decision. Conflicts of interest will be disclosed to the client in the unlikely event they should occur. Investment advice may include recommendations to buy, sell, or exchange specific securities, to consider a different broker, to move assets from one account to another, and related information. Owl monitors these portfolios for clients and sends out rebalancing alerts guiding their portfolio management.

Owl cannot guarantee a specific level of return on your investments, since investing in the markets always involves a risk of loss particularly in volatile market conditions. There is no required minimum account size to use this service.

### **C. Client-Tailored Services**

Owl offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon each client’s risk tolerance levels, investment time horizon and investment experience.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Owl from properly servicing the client account, or if the restrictions would require Owl to deviate from its standard suite of services, Owl reserves the right to end the relationship.

### **D. Wrap Fee Programs**

Owl does not participate in any wrap fee programs.

### **E. Amounts Under Management**

Owl provides investment management services (on either a discretionary or nondiscretionary basis) through 3<sup>rd</sup>-party custodians. Clients can grant trading authority, power of attorney, and fee debit authorization to adviser on client-by-client basis. Clients who chose not to grant trading authority to Owl are free to implement all, some, or none of the adviser's recommendations and the full responsibility of implementation rests with the client.

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

#### **Payment of the PortfolioWatch Product**

Clients may elect to pay a subscription fee on a monthly, quarterly or annual basis, resulting in access to Owl’s web service, as detailed at <http://owlinvest.com/home/pricing>. These fees are non-negotiable and are paid in advance, but never more than six months in advance. Monthly subscribers who cancel during the month do not receive a pro-rated refund. Clients may terminate their account at anytime through the account management function on the Owl website and no further charges will be made to their bank or credit card.

#### **Payment of the Owl Premium Product**

Internet-only advisors are allowed fewer than 15 clients to be advised through other means than the internet service. For these clients, Owl typically charges a percentage of assets under advisement for the premium investment advisory service which includes personal consultation

above and beyond the web advice. The prices posted on the website at <http://owlinvest.com/home/pricing> the time of the recommendation are not negotiable. Payment by credit card or check is due and payable in advance. In addition, clients in the premium service may grant fee debit authorization to adviser. If a client wishes to terminate the advisory relationship, he or she may do so by providing written notice.

## **B. Payment of Fees**

All fees are paid via credit card or by directly invoicing accounts in advance, but never more than six months in advance. In addition, clients in the premium service may grant fee debit authorization to adviser. Fees that are charged in advance will be refunded at the client's request, based on the prorated amount of work completed at the point of termination.

## **C. Other Fees and Expenses**

Fees paid to Owl for financial planning and investment advice are completely separate from the fees and expenses charged by mutual fund companies, ETFs, and their portfolio managers. A complete explanation of these fees and expenses are provided in each securities' prospectus. Clients are encouraged to read the prospectus before investing.

Clients may incur transaction costs or administration fees from broker-dealers, trust companies, investment custodian firms or other service providers. Clients are encouraged to obtain a complete schedule of such fees from the service provider(s) before entering into any agreement.

## **D. Prepayment of Fees**

All fees are paid via credit card or by directly invoicing accounts in advance, but never more than six months in advance. Fees that are charged in advance will be refunded at the client's request, based on the prorated amount of work completed at the point of termination.

## **E. Outside Compensation**

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

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

Owl 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, Minimum Account Requirements**

Owl generally provides investment advice and supervisory services to Individuals, High-Net-Worth Individuals and Trusts, Estates, or Charitable Organizations. There is no required minimum account size to use this service.

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

### A. Methods of Analysis and Investment Strategies

Owl believes in an index-based investment approach based upon modern portfolio theory and efficient frontier analysis that emphasizes accurate risk assessment, intelligent asset allocation, tax efficiency, cost minimization, and disciplined implementation. Our portfolio recommendations are driven by a client's long-term financial goals, not by market timing or stock selection. A typical client following this approach holds a broadly diversified set of securities for several years and only trades in and out of securities when market movements cause the client's portfolio to become inconsistent with his or her risk profile. We aim to construct a well-diversified portfolio that maximizes the client's expected return based on his or her risk capacity for and attitude towards risk. We gather historical return, standard deviation, and asset class correlation information from Standard and Poor's, the Federal Reserve, other financial websites, and publicly available sources.

**Investing in securities involves a risk of loss that clients should be prepared to bear.**

### B. Material Risks Involved

Many of the portfolio techniques that we use are based, in some part, on the past performance of various asset classes. Clients must be aware that past performance is not a guarantee of future results.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

**Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

**Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

**Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

**Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

**Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and

bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Risk of Capital Loss:** Investments may lose value causing the portfolio to decline in value. There is no guarantee of future returns.

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

Owl generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets and interest rate risk from the bond market.

**Past performance is not a guarantee of future returns.**

## **Item 9: Disciplinary Information**

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

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

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

Neither Owl nor its representatives are registered as 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 Owl nor its representatives are registered as a FCM, CPO, or CTA.

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

Neither Owl nor its management persons have relationships with other entities in the financial services industry that materially affect Owl's advisory business or its clients.

### **D. Compensation for Recommending Other Advisors or Managers**

Owl does not utilize or select other advisors or third party managers. All assets are managed by Owl.

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

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

Owl has adopted the codes of ethics of the National Association of Personal Financial Advisors and the CFA Institute Code of Ethics and Standards of Professional Conduct. These codes emphasize the firm's fiduciary duty to clients. Copies of these codes of ethics are available to clients or prospective clients upon request.



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

Employees or representatives of Owl may occasionally buy or sell securities for their own accounts. The firm may or may not recommend these securities to clients since recommendations vary according to an individual client's specific needs and circumstances. These securities are publicly traded and it is highly unlikely that transactions in the personal accounts of the firm's employees could affect the price or performance of the securities.

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

Owl employees may buy or sell for themselves securities that they recommend to clients. Due to the size and nature of employee investments (relatively small investments in open - end mutual funds and exchange - traded funds), an employee transaction materially impacts a client account only in very rare instances. However, if any potential does exist for a personal transaction to materially impact a client account, we document the potential conflict, and always place the client's needs ahead of our own when executing the transaction.

## **D. Trading Personal Securities and Client Securities at or Near the Same Time**

Owl employees may buy or sell securities for themselves at or around the same time as client securities. Due to the size and nature of employee investments (relatively small investments in open - end mutual funds and exchange - traded funds), an employee transaction materially impacts a client account only in very rare instances. However, if any potential does exist for a personal transaction to materially impact a client account, we document the potential conflict, and always place the client's needs ahead of our own when executing the transaction.

## **Item 12: Brokerage Practices**

Owl does not take custody of client accounts at any time, although we may be deemed to have custody of your assets authority is given to withdraw fees from client accounts. Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend our clients use TD Ameritrade, a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with TD Ameritrade. TD Ameritrade will hold client assets in a brokerage account and buy and sell securities when we or the client instructs them to. Clients will decide whether to open their account with TD Ameritrade by entering into an account agreement directly with them. We seek to use a custodian who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services
- Capability to execute, clear, and settle trades
- Capability to facilitate transfers and payments to and from accounts
- Breadth of available investment products
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability

Owl *DOES NOT* receive fees or commissions from any of these arrangements.

### **Best Execution**

Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed. Owl has reviewed the execution of trades at TD Ameritrade, as well as

the practices and procedures associated with best execution. We have determined that having TD Ameritrade execute all trades is consistent with our duty to seek “best execution” of your trades. Owl does not receive any portion of the trading fees.

**Soft Dollars**

Owl receives no economic benefit from a non-client in connection with giving advice to clients.

**Order Aggregation**

Client orders executed by TD Ameritrade may be aggregated to achieve best execution. Owl does not specifically request that trades be aggregated. Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

**Item 13: Reviews of Accounts**

Owl’s service allows clients to review their accounts as frequently as they choose. Also, clients have the ability to generate their own reports as frequently as they choose. It is the responsibility of clients to review and update their accounts to adjust for changes in the investments they own. Clients should also review and update their accounts should significant changes occur in their personal circumstances. Owl may from time to time provide e-mail notifications to clients who elect to receive such messages, concerning changes in the value of the clients’ investments or chances of reaching the clients’ goals

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

Owl may conduct campaigns through advertising networks. When visitors to Owl or potential clients are “referred” through the advertising networks, Owl may compensate the referring network.

In addition, at certain times Owl may offer a refer-a-friend bonus that compensates existing clients for referring new clients to the service. This compensation may take the form of discounted or free membership to Owl.

Owl may enter agreements with companies who offer their employees access to the advisory services offered by Owl. In these cases, the employers would pay the fees charged by Owl on behalf of their employees.

Owl may compensate third party solicitors or employees for referrals of prospective clients to Owl. Such arrangements will be established and implemented in compliance with Rule 206(4)-3 of the Advisers Act.

**Item 15: Custody****Account Statements**

Under government regulations, we are deemed to have custody of client assets when authorized to instruct the qualified custodian to deduct advisory fees directly from client accounts. The qualified custodian maintains actual custody of your assets. Clients will receive account statements directly from the qualified custodian at least quarterly. They will be sent to the email or postal mailing address provided by clients to the qualified custodian. Clients should carefully review those statements promptly when they receive them.

**Performance Reports**

Clients are urged to compare the qualified custodian's account statements to the periodic portfolio performance reports provided by Owl.

**Item 16: Investment Discretion**

Owl provides both discretionary and non-discretionary investment advisory services to its clients. Where investment discretion has been granted, Owl generally supervises and manages the account and makes investment decisions without consultations with the client.

Discretionary decisions include determinations regarding which securities are bought and sold for the accounts, the total amount of the securities to be bought and sold, the brokers with whom orders for the purchase or sale of securities are placed for execution and the price per share and the commission rates at which securities transactions are effected. In some instances, Owl's discretionary authority in making these determinations may be limited by conditions imposed by clients in their investment guidelines or objectives or in instructions otherwise provided to Owl.

Owl also has non-discretionary arrangements with clients where Owl will recommend securities or transactions with the clients having final authority. Generally, trading for discretionary and non-discretionary accounts will not be aggregated. Clients under non-discretionary arrangements should be aware that if RMB is not able to aggregate such trades, non-discretionary accounts, will be traded after trading for discretionary accounts is executed, which may result in inferior execution prices for those trades.

Owl's trading authority for discretionary and non-discretionary accounts may also be limited and the client may not always obtain the best price and execution due to directions from a client to have transactions effected through specified brokers, including brokers suggested to the client by Owl. Generally, a client's direction of trading will be in return for portfolio evaluation, safekeeping of securities or other services from the relevant broker deemed of value by the client.

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

Owl 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****A. Balance Sheet**

Owl does not require nor solicit prepayment of more than \$1,200 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 That Could Impair Ability to Meet Contractual Commitments to Clients**

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

### **C. Bankruptcy Petitions**

Neither Owl nor its management have been the subject of a bankruptcy petition in the last ten years.

## Brochure Supplement (Part 2B of Form ADV)

This Brochure Supplement provides information about Nirav Batavia that supplements the Owl Finance, Inc. Brochure. You should have received a copy of that Brochure. If you have any questions about the contents of this Brochure Supplement, please contact us at: 832-630-7841, or by email at: [info@owlinvest.com](mailto:info@owlinvest.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 Owl Finance, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Educational Background and Business Experience

**Name:** Nirav Batavia

**Date of Birth:** 1980

### **Formal Education after high school:**

University of Pennsylvania (BS, Economics (Finance Concentration), BSE, Computer and Telecommunications Engineering)

University of Chicago (MBA)

### **Business background for past five years:**

Nirav is the co-founder and CEO of Owl Finance, Inc. ("Owl"), which is a registered investment adviser. Prior to that time, he was the co-founder and managing member of the Hayman Municipal Opportunities Fund, a fixed-income hedge fund. He was also a fixed-income derivative trader for Citigroup for almost 5 years.

### **Professional designations:**

CFA Charterholder

#### **About the Chartered Financial Analyst (CFA) Designation**

Candidates must pass three sequential, six-hour examinations over two-to-four years. The three levels of the CFA Program test a wide range of investment topics, including ethical and professional standards, fixed-income analysis, alternative and derivative investments, and portfolio management and wealth planning. In addition, CFA charter holders must have at least four years of acceptable professional experience in the investment decision-making process and must commit to abide by and annually reaffirm their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

## Disciplinary Action

There are no reportable legal or disciplinary events for Nirav.

## Other Business Activities

Nirav Batavia does not participate in any material business activities outside of his position at Owl

## Additional Compensation

Nirav does not receive any economic benefits from providing advisory services to individuals who are not clients of Owl.

## Supervision

Nirav is not supervised by another individual at Owl.