

Akama Advisers Inc Brochure  
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This brochure provides information about the qualifications and business practices of Akama Advisers Inc. If you have any questions about the contents of this brochure, please contact us at 8621 5404 9259 and/or [akamaadvisers@hotmail.com](mailto:akamaadvisers@hotmail.com). The information in this brochure has not been approved or verified by the United State Securities and Exchange Commission or by any state securities authority. This brochure is required by the SEC and follows the format that is prescribed to make certain disclosures.

Additional information about Akama Advisers Inc also is available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Material Changes**

Not Applicable, since this is an initial brochure rather than an amendment to one.

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## Advisory Business

Akama Advisers Inc was incorporated in 1998. 100% of the stock is owned by Raymond L Erler. We have no subsidiaries or affiliated companies. Our only business is investment advisory service. We do not take custody of client assets. You open your own account with a custody broker and give us limited power of attorney to buy and sell assets in your account.

We do not offer financial planning, sell insurance products or other investment products. We do not do quantitative analysis or emphasize market timing, but there may be rare times in which we significantly reduce the amount of stocks in the portfolio because we believe the market is overpriced or particularly vulnerable to negative economic or political conditions. We only buy securities listed on the US stock exchanges. This includes US company common and preferred stock, foreign companies stock listed in the US or their American/Global Depository Receipts, Exchange Traded Funds (ETF), closed-end funds/trusts that trade like stocks, and Real Estate Investment Trusts (REIT). We also may purchase durable commodities such as precious metals. We invest in these through listed ETF, Trusts or individual production companies. We seldom purchase bonds or options, and we do not participate in initial public offerings (IPO).

We generally favor investing in well established companies in their particular industry, and we favor stocks that pay dividends and are attractively priced relative to their competitors and to their expected growth. With small accounts, we may use more mutual funds and ETFs to get diversification. We also generally want to have diversification across more than a few sectors/industries, and we often do that with ETFs. We also use mutual funds and/or ETFs to get broader exposure to different global regions, sectors or industries that we believe may outperform the US market.

We are able to tailor our service to your individual needs. If there are certain types of securities, industries, or companies that you do not want to invest in, such restrictions are acceptable. We can tailor your portfolio toward more income, growth, capital preservation, or capital appreciation.

We do not offer or participate in any wrap fee programs, and we do not receive commissions from trades or some form of *soft dollar* benefits from the broker.

We exclusively manage discretionary accounts, which means, we are not obligated to inform you in advance when we buy or sell securities. You have access to your account status and activity online with your custodian broker and you can have confirmations of trades and statements mailed directly to you from your broker. Brokers also provide year-end gain/loss reports as well as the IRS form 1099. We will assist you communicating with your broker.

We are a small boutique business, and we do not intend to expand and add staff. As of December 31, 2012 managed assets of clients was \$5 million.

### **Fees and Compensation**

We are a fee based investment adviser. You pay an annualized fee of 1.2% of the net asset value of your account. Fees are negotiable. Billing for fees is done quarterly at the end of the 3<sup>rd</sup>, 6<sup>th</sup>, 9<sup>th</sup>, and 12<sup>th</sup> month. We do not collect fees in advance. When fees are due at the end of a quarter we deduct those fees from your account as allowed by your written permission. We do not charge brokerage commissions or get fees from sales of mutual funds, but you will have transactions fees charged by your broker. We have no other charges for assisting you with broker communication and other administrative matters regarding your account.

### **Performance-Based Fees and Side-By-Side Management**

We are no longer offering performance-based adviser service. At this time there are performance-based accounts and fee-based accounts being managed. This could give us an incentive to favor the performance based accounts because there is the potential to earn greater fees. We attempt to avoid this potential conflict by monthly reviews of all accounts and by focusing on the account objectives and risk tolerance.

### **Types of Clients**

We only have individuals as clients. The accounts are single owner, joint-ownership, living trusts and IRA. Some clients have multiple accounts. We require a minimum account value of \$150,000 per family to begin a management relationship.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

We rely on 3<sup>rd</sup> party research, rating services and company reports and announcements for evaluation of securities. We are mainly concerned with fundamentals and future prospects for improved earnings, increased dividends, cash flow, and capitalization of earnings. We do not look for buy and sell signals from charts, and we do not rely on other technical techniques such as moving averages or momentum indicators to decide on which stocks to buy, hold or sell or the timing of trading. We do not engage in market timing that would result in frequent trading and higher brokerage fees. However, we are not adverse to major disengagement in the markets when perceived risks warrant it. We believe the risk of staying in the markets when there is great uncertainty is larger than the opportunity costs.

We also consider the macro-economic conditions in global markets or individual countries and how that might affect the future prospects for the goods or services that a company provides. There is no certainty that our assessments are correct, either for the macro conditions or the

individual companies. There is no guarantee that the portfolio of investments will appreciate. Prices of securities can go up or down. Not all investment risks can be avoided. You may lose money.

We attempt to manage risk through diversification across markets, industries and companies and by investing in well established companies with a price that is attractive relative to their track record of earnings and growth prospects. In addition we use mutual funds and ETF to accomplish diversification where individual securities selection would be impracticable when the portfolio size is small and the transactions cost too high.

### **Disciplinary Information**

Not Applicable. Neither Akama Advisers Inc nor the management person has been involved in any specific legal and/or disciplinary events presumed to be material for this item – neither criminal or civil action in a domestic, foreign or military court of competent jurisdiction, nor an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

### **Other Financial Industry Activities and Affiliations**

Not Applicable.

### **Code of Ethics**

We recognize that we have fiduciary obligations to our clients. That means we will always act in the best interests of the client. It means we put the client's interests ahead of our own, and it also means we will comply with applicable Federal securities laws.

Since we also do invest for our own accounts, there could be a conflict of interest if our trading influenced market prices when we want to purchase or sell the same stocks we choose for our clients. If there is a fast moving market not everyone will necessarily get the same price. Our approach is to trade for the client first and then for ourselves. There is no guarantee that this will be best for the client. It may be better to trade the next day. However, since our volume is so small relative to the liquidity in the markets/stock we invest in, we think there is a negligible risk that clients will be at a disadvantage.

### **Brokerage Practices**

Presently all client accounts are with Charles Schwab & Co. brokerage at the present time. Given the size of our business, it is not likely that another brokerage relationship would be economical. This will be dealt with on a case by case basis. We believe Schwab fees are competitive and their service satisfactory. We do not receive any compensation, referral fees, discounts, client referrals,

or special benefits from dealing with Schwab. However, like most brokers, they have a computer platform tailored for institutional clients.

### **Brokerage for Client Referrals**

See Brokerage Practices above.

### **Review of Accounts**

Client accounts are generally reviewed quarterly, but also when a decision is made to purchase a security that may be appropriate for most portfolios, or when a decision is made to reduce or eliminate a position in a security. The reviews are not formal and we do not make written reports.

### **Client Referrals**

We do not pay anyone for client referrals.

### **Custody**

We are not brokers, and we do not take custody of any client assets.

### **Investment Discretion**

We accept only discretionary accounts (see Advisory Business above). Before we assume that authority you must execute a power of attorney giving us the authority to manage the account and also to withdraw fees from the account in accordance with our fee agreement. The power of attorney form must be acceptable to the broker.

### **Voting Client Securities**

As an equity securities owner you have the right to vote. We do not vote for you. You will receive proxies or other solicitations directly from the custodian or a transfer agent. You can contact us to discuss particular solicitations.

### **Financial Information**

Akama Advisers Inc. is a very low net worth company so you may be interested to know that we has no significant financial obligations that would impair our ability to meet contractual commitments to clients. Furthermore, the sole owner is a high-net worth individual who has no significant financial obligations.