

FOLIOTraxx, LLC

FIRM BROCHURE
(ADV PART 2A)

MARCH 18, 2014

*Folio Traxx, LLC
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Website: www.foliotraxx.com*

This brochure provides information about the qualifications and business practices of FolioTraxx, LLC. If you have any questions about the contents of this brochure, please contact us at www.foliotraxx.com.

FolioTraxx, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about FolioTraxx, LLC is available on the SEC's website www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for the Adviser is 167265.

2. MATERIAL CHANGES

Pursuant to new SEC Rules, we will provide you with a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

The changes made to our initial brochure dated March 26, 2013 are as follows:

- As of 3/17/2013, we were actively managing \$3,100,000 of clients' assets on a discretionary basis.
- Tina Bronkhorst is now an owner of the company.

A copy of our updated Brochure is available to you free of charge and may be requested by contacting us at support@copiloted.com or by visiting our website www.copiloted.com.

Additional information about Foliotraxx LLC is available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Foliotraxx LLC who are registered, or are required to be registered, as investment adviser representatives of Foliotraxx, LLC.

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4. ADVISORY BUSINESS

A. OWNERSHIP/ADVISOR HISTORY

FolioTraxx, LLC (“FolioTraxx” or “the firm”) is owned by Michael Bolotski, Jeremy De Bonet, and Tina Bronkhorst. It was formed as a Delaware Limited Liability Company in June 2012 and subsequently registered as an Internet only investment adviser in 2013.

B. ADVISORY SERVICES OFFERED

FolioTraxx is a registered investment adviser that provides portfolio management services for client’s taxable accounts, IRAs, and employer related qualified plans. The service is offered through FolioTraxx’s interactive website, www.copiloted.com. The firm’s clients take an online questionnaire that measures their risk tolerance, investment goals and investment objectives. The questionnaire may also gather other information about the client such as investment experience, household income, age, investable assets, etc. The client’s answers are used to formulate a recommended allocation in one or more of the firm’s portfolios. The client has the option of receiving the recommendation by email and executing the transactions themselves, or having FolioTraxx execute the transactions in the client’s account.

FolioTraxx provides the following types of advisory services:

Service	Account Types	Transaction Responsibility	Custodian Selected By
Employer Plan Advised	401(k), 403(b), 457	Client	Employer
Employer Plan Managed	401(k), 403(b), 457	Adviser	Employer
In-Place Account Advised	IRA, solo 401(k), taxable	Client	Client
In-Place Account Managed	IRA, solo 401(k), taxable	Adviser	Client
Flexible Portfolio Managed	IRA, taxable	Adviser	Adviser

For all advisory services, FolioTraxx develops an appropriate investment strategy for the client and regularly updates the asset allocation to reflect changing market conditions.

Employer Plan Services

For Employer Plan services, FolioTraxx researches the available investment options within the defined contribution plan and customizes the investment strategy to fit within the available options. FolioTraxx may not be able to provide this service for some defined contribution plans. For example, some of the investment options may be proprietary and we may not be able to complete an adequate due diligence process. Some plans may explicitly prohibit managed account services.

Managed Services and Discretionary Trading Authority

Clients grant FolioTraxx limited discretionary trading authority to conduct trading for the account in which the Client assets are held, and at Client's risk, to purchase, sell, exchange, and otherwise trade the account assets in accordance with the Investment Policy Statement provided to the Client.

FolioTraxx does not represent, warrant or imply that the services or methods of analysis used can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses. No guarantees can be offered that Client's goals or objectives will be achieved.

Online Access for Employer Plan and In-Place Account Managed Services

Clients authorize FolioTraxx to access their account using the Client's personal identification and password. Under no circumstances will FolioTraxx facilitate loans from the account or redeem, withdraw, dispense, or distribute funds from the account. FolioTraxx takes precautions to safeguard Client's personal identification and password. However, depending on the functions allowed by the plan's custodian website, unauthorized access to the Client's account could result in adverse consequences, including distributions, loans, address changes, and beneficiary changes.

Additionally, FolioTraxx may not maintain a formal relationship with the Client's defined contribution custodian/recordkeeper and, as such, these companies provide no oversight of FolioTraxx Client account access.

Email Notification for Employer Plan and In-Place Account Advised Services

FolioTraxx notifies clients via email that updated recommendations are available on the website. It is the client's responsibility to ensure that those notifications are received and acted upon.

Advisory Management Agreements

All Clients wishing to engage FolioTraxx for the provision of its investment advisory services must complete FolioTraxx advisory agreement documents. Upon completion, FolioTraxx will be considered engaged by the Client. The term of engagement will be an ongoing term, as set forth in the Agreement. Clients will be responsible for ensuring that FolioTraxx has been informed of changes in investment objectives and risk tolerance.

C. TAILORED SERVICES

FolioTraxx's Portfolio Management Services are tailored to the goals of each portfolio. As a result, the firm does not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account.

D. WRAP PROGRAM

FolioTraxx does not sponsor a wrap program. This section is not applicable.

E. CLIENT ASSETS MANAGED

As of 3/17/2014, FolioTraxx manages \$3,100,000 in assets on a discretionary basis.

5. FEES AND COMPENSATION

A. ADVISORY SERVICES

There are two types of portfolio management services, with possibly differing fees. Fees for executing transactions in the client's account are \$120 per year per account. Fees for receiving emailed recommendations are \$120 per year. Fees will be due upon signing up for the service through the website. Fees are not deducted from client accounts, but are charged separately to credit cards.

FolioTraxx may impose a slight surcharge of no more than \$1 per month if the client selects monthly billing. Further, FolioTraxx may opt to waive client fees at its discretion for small accounts of under \$10,000, or in other circumstances.

In addition to the firm's portfolio management fee, the client may also incur certain charges imposed by unaffiliated third parties. Such charges include, but are not limited to, custodial fees, brokerage commissions, transaction fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund purchased for the account which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. FolioTraxx does not receive any portion of these charges.

Termination of Selection and Monitoring Services

A client may terminate this service for any reason within the first five (5) business days after signing the separate investment advisory contract without any cost or penalty. Thereafter, the contract may be terminated at any time by giving ten (10) days written notice to the firm, by email at support@copiloted.com, or by mail at FolioTraxx, LLC, P.O. Box 31664, Seattle, WA 98103. Upon notice of termination, fees will be prorated based upon the number of days that services were rendered during the termination month and any excess fees will be refunded to the client.

ERISA Accounts: FolioTraxx is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning

certain terms of compensation. To avoid engaging in prohibited transactions, FolioTraxx may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

6. PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

FolioTraxx does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

7. TYPES OF CLIENTS

FolioTraxx's services are offered to individuals and high net worth individuals. The Firm does not require a minimum account size to become a client. FolioTraxx does not offer services to individuals who are younger than 18 years of age.

8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

FolioTraxx offers online questionnaires and tools on its website based on mathematical calculations to help clients determine the appropriate amount of assets to allocate to an investment strategy. The recommended allocation may vary depending upon each client's individual financial situation. As such, recommendations to clients for asset allocation is based on mathematical calculations related to the information provided by the client that includes risk tolerance, time horizon, net worth/financial information, and various other suitability factors.

When trading the client's account, FolioTraxx uses automated strategies that in general combine investments in domestic and foreign stocks, bonds, real-estate investment trusts, as well as possibly commodities through diversified exchange-traded or mutual funds with active risk management that attempts to decrease losses in falling markets. The risk management approach uses trend-following techniques that exit and re-enter an asset class when its smoothed price history crosses one or more longer-term moving averages. When a security representing an asset class is sold, the proceeds can be deployed into cash or cash equivalents such as short-term Treasury bonds, or into other asset classes, depending on the selected strategy.

While trend following strategies are intended to reduce the possibility of a very large and protracted decline in portfolio value, they do not eliminate all risk. It is possible for trend following strategies to suffer from small frequent losses in the situation of short-term market

volatility. This disadvantage is usually more than compensated for by the strategies' ability to reduce the impact of bear markets.

In certain situations, FolioTraxx may offer conventional buy and hold asset allocation strategies based on diversified low-cost index funds.

B. RECOMMENDED SECURITIES AND THEIR RISKS

FolioTraxx limits its recommended securities to diversified index funds, either exchange-traded funds (ETFs) or mutual funds. FolioTraxx does not recommend individual stocks. When FolioTraxx recommends allocations for a client's qualified plan, it limits recommendations to those securities available in the plan, which are typically mutual funds.

FolioTraxx recommends that clients consult the prospectus of each ETF or mutual fund for additional risks and other considerations.

All investments bear different types and degrees of risk and **investing in securities involves risk of loss that clients should be prepared to bear**. Obtaining higher rates of return on investments entails accepting higher levels of risk. Clients need to ask questions about risks they do not understand. As registered by the SEC as an Internet advisor, the firm cannot discuss the specifics of a client account. However, the firm would be pleased to explain the general risks of different investment types or its strategies.

FolioTraxx strives to render its best judgment on behalf of its clients. Still, it cannot assure or guarantee clients that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment adviser but is not a reliable predictor of future performance. An investment could lose money over short or even long periods. A client should expect his/her account value and returns to fluctuate within a wide range, like the fluctuations of the overall stock and bond markets. The firm continuously strives to provide outstanding long-term investment performance, but many economic and market variables beyond our control can affect the performance of an investment portfolio. The client's account performance could be hurt by:

- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.
- **Systemic risk:** The chance that an event can trigger a collapse in a certain industry or the economy and cause assets prices to fall sharply.
- **Interest rate risk:** The chance that bond prices overall will decline because of rising interest rates. Interest rate risk will vary for the client, depending on the amount of client assets invested in bonds.
- **Manager risk:** The chance that the proportions allocated to the various securities will cause the client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.

- **Active management fees risk:** Active management strategies that involve frequent trading generate higher transaction costs that diminish the portfolio's return. In addition, the short-term capital gains resulting from frequent trades often have an unfavorable income tax impact when such funds are held in a taxable account.
- **International Investing Risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition, foreign investments are subject to settlement practices, and regulatory and financial reporting standards, that differ from those of the U.S.
- **Terrorism Risk:** The chance that domestic and international stock prices will decline due to a terrorist event.
- **Political Risk:** The chance that a change in government may affect stock prices of domestic or international stocks.
- **Natural Risks:** The chance that a natural catastrophe (earthquakes, hurricanes, etc.) may affect stock prices of domestic or international stocks

9. DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events within the past 10-years that would be material to your evaluation of the Firm or the integrity of its management. FolioTraxx has no information applicable to this Item because it and its management has not been the subject of any administrative, civil, criminal or self-regulatory proceedings.

10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

FolioTraxx has no other industry affiliations. This section is not applicable.

11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. DESCRIPTION

FolioTraxx's Code of Ethics establishes ideals for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. The firm will provide a copy of its Code of Ethics to any client or prospective client upon request.

FolioTraxx's Code of Ethics covers all supervised persons and it describes its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a

prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at the Firm must acknowledge the terms of the Code of Ethics annually, or as amended.

B. MATERIAL INTEREST IN SECURITIES

FolioTraxx, its owners and investment adviser representatives do not have a material interest in any securities.

C. INVESTING IN OR RECOMMENDING THE SAME SECURITIES

It is FolioTraxx's policy to encourage and allow owners and investment adviser representatives to invest in the firm's investment strategies. FolioTraxx believes its employees should bear the same risks as its clients. The firm attempts to mitigate the conflict of interest to the best of its ability through the enactment of a Code of Ethics, trading policies, and its fiduciary responsibilities. Nonetheless, the firm generally attempts to place client transactions ahead of the owners and investment adviser representatives' trades. The associates of the firm are aware of their fiduciary duty to their clients and the prohibitions against the use of any insider information. Records of all associates' proprietary trading activities will be kept by the firm, available to regulators to review on the premises.

However, since FolioTraxx only recommends large, diversified ETFs and mutual funds, FolioTraxx believes that employee trades are unlikely to have material impact on prices obtained by clients.

12. BROKERAGE PRACTICES

In our Employer Plan Services, we use the custodian that is predetermined by the plan sponsor; in our In-Place Account Services, we use the custodian selected by the client.

We have selected Interactive Brokers ("IB"), a FINRA registered broker-dealer, and member SIPC as the broker/custodian for our Flexible Portfolio Managed Service.

A. HOW WE SELECT BROKERS/CUSTODIANS

We seek to select a custodian/broker who will hold your 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 (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, ACH)

- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs])
- Availability of sophisticated order types that could be used and could result in better price execution
- 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

As a matter of policy and practice for individual securities/ETF transactions FolioTraxx does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

In order to obtain our Flexible Portfolio Managed Service, you must establish a brokerage account with IB. Although we recommend that clients establish accounts at IB, it is the client's decision to custody assets with IB. FolioTraxx is independently owned and operated and not affiliated with IB.

For our client accounts maintained in its custody, IB generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related fees for securities trades that are executed through IB or that settle into IB accounts.

IB's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide research, pricing and other market data;
- facilitate payment of our fees from clients' accounts (if selected); and
- assist with back-office functions, recordkeeping and client reporting.

In evaluating whether to recommend or require that clients custody their assets at IB, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by IB.

13. REVIEW OF ACCOUNTS

A. PERIODIC REVIEWS

FolioTraxx's software periodically reviews client accounts regularly, ranging from one to three months, depending on the type of account. The software may alert the client if immediate action is required.

FolioTraxx does not offer review meetings between clients and human advisors.

B. OTHER REVIEWS

Additional reviews are conducted depending on changes in a client's financial situation that are reported by the client (such as change in assets, household income, or risk tolerance).

C. REPORTS

Clients receive at least quarterly statements from their custodian. FolioTraxx urges clients to carefully review such statements.

FolioTraxx may or may not supply statements or reports to clients. However, if statements or reports are supplied, they do not replace the statements/reports issued by the corresponding custodian and should be checked against the custodian statement for accuracy.

14. CLIENT REFERRALS AND OTHER COMPENSATION

The firm does not receive extra compensation or any other economic benefit for providing investment advice or other advisory services to clients. The firm does not pay for client referrals or use solicitors. From time to time, the firm may offer incentives such as fee reduction to new clients referred by existing clients. No cash incentives, direct or indirect are offered to the referring client.

15. CUSTODY

In some circumstances, FolioTraxx could have custody over accounts managed with the Employer Plan Managed and In-Place Account Managed Services. Access to online accounts that provide the ability to withdraw funds or securities or transfer them to an account not in the client's name at a qualified custodian would be considered as falling under the custody rule. Online accounts that only allow investment adjustments or require a separate access credentials for withdrawals or transfers would not be considered as custody under the rule.

Clients will receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. FolioTraxx urges each client to carefully review such statements.

16. INVESTMENT DISCRETION

FolioTraxx's Portfolio Management Services are offered on a discretionary and non-discretionary basis. When the firm has discretionary authority it is obtained by the client signing an investment management agreement that includes a limited power of attorney. The

agreement allows the firm to buy and/or sell securities that the firm has selected and in the amounts the firm deems suited to the agreed upon portfolio structure. It also allows the firm to place each such trade without the client's prior approval.

With non-discretionary investment management services, the client will retain full discretion to supervise, manage, and direct the assets of the account. FolioTraxx will inform the client of a recommended trade via email. However, the client will be responsible for executing any trades. Essentially, the client will be free to manage the account with or without the firm's recommendation and all with or without the firm's prior consultation.

17. VOTING CLIENT SECURITIES

FolioTraxx will not be responsible for responding to proxies of securities held in clients' accounts. FolioTraxx does not plan to receive any proxy solicitation materials from client accounts. The client should direct all proxy questions to the issuer of the security.

18. FINANCIAL INFORMATION

A. BALANCE SHEET

FolioTraxx does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, this section is not applicable.

B. FINANCIAL CONDITION

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about FolioTraxx's financial condition. It does not have a financial commitment that impairs its ability to service its clients.

C. BANKRUPTCY

FolioTraxx, its owners and its investment adviser representatives have not been the subject of a bankruptcy proceeding.

FOLIOTRAXX, LLC

BROCHURE SUPPLEMENT (ADV PART 2B)

MARCH 18, 2014

*Folio Traxx, LLC
P.O. Box 31664
Seattle, WA 98103
Phone: (510) 910-0416
Website: www.copiloted.com*

This Brochure Supplement provides information about the investment advisor representatives at FolioTraxx, LLC [“FolioTraxx”] and supplements its Brochure (Part 2A of Form ADV). You should have received a copy of that Brochure. Please contact FolioTraxx at the above address, or by telephone, if you did not receive the Brochure or if you have any questions about the contents of this supplement.

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Additional information about FolioTraxx, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Michael Bolotski

ITEM 2 – EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Michael Bolotski, PhD, Chief Compliance Officer and Portfolio Manager, b. 1965

Education:

<i>University of British Columbia</i>	B.S. Electrical Engineering	1988
<i>University of British Columbia</i>	M.A. Electrical Engineering	1990
<i>Massachusetts Institute of Technology</i>	Ph.D. Electrical Engineering and Computer Science	1996

Business Background:

FolioTraxx, LLC, Chief Compliance Officer and Portfolio Manager, 4/2012 to Present

Evri Inc, VP Engineering, 11/2009 to 04/2012

Skyward Mobile, VP Engineering, 04/2007 to 02/2009

Micro Display Corp., Director, Electronics Engineering, 06/1996 to 04/2007

Professional Designations:

Mr. Bolotski has successfully completed the Series 65 (Uniform Investment Adviser Law) examination, which permits him to qualify as an investment advisor representative, and register with states where he may provide advisory services and which require registration.

ITEM 3 - DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. There is no information about Michael Bolotski that applies under this Item.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Michael Bolotski is a general partner in an investment partnership whose primary asset is a loan to a small business.

ITEM 5 - ADDITIONAL COMPENSATION

Michael Bolotski does not receive any additional compensation from FolioTraxx for providing advisory services.

ITEM 6 - SUPERVISION

FolioTraxx personnel are required to abide by the Code of Ethics as presented in our Supervisory and Compliance Policies and Procedures Manual and Code of Ethics. The Code of Ethics requires that employees “make reasonable efforts to detect and prevent violations of applicable laws, rules, regulations, and the Code and Standards by anyone subject to their supervision or authority.” Our compliance policies and procedures detail how our firm maintains compliance with applicable rules and regulations. In addition, all of FolioTraxx’s employees’ activities are monitored by Michael Bolotski, Chief Compliance Officer. Mr. Bolotski’s phone number is (510) 910-0416. Michael Bolotski is further supervised and monitored by the firm’s other owners, Jeremy De Bonet and Tina Bronkhorst.