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**Form ADV Part 2A  
Client Brochure**

**July 1, 2014**

This brochure provides information about the qualifications and business practices of wealthyX LLC ("wealthyX"), a registered investment adviser. Registration does not imply a certain level of skill or training but only indicates that wealthyX has registered its business with state and federal regulatory authorities, including the United States Securities and Exchange Commission. If you have any questions about the contents of this brochure please contact us at (347) 987-1778 or [support@wealthyX.com](mailto:support@wealthyX.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 wealthyX is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 Material Changes**

This is section currently is not applicable. In the future this section will describe material changes since the last annual update to the Brochure, if any.

### **Item 3 Table of Contents**

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#### **Item 4 Advisory Business**

- A. wealthyX (“the Firm”) is a SEC registered investment advisory firm that offers advice predominantly through the internet at the website [www.wealthyX.com](http://www.wealthyX.com) (the “Site”). Formed in 2014 as a Delaware limited liability company, mostly owned by the Founder and CEO Mr. Peter Yuen. Additional information about wealthyX’s ownership structure and directors is provided in Schedule A of Part 1A of wealthyX’s Form ADV.
- B. The firm offers risk managed portfolios designed with proprietary software. Using a client’s answers to a series of questions pertaining to their needs, risk tolerance, risk appetite, and goals our algorithms are able to determine an appropriate allocation of investment assets using predominantly ETFs. These portfolios are optimized to the client’s risk level using Modern Portfolio Theory (“MPT”) which minimizes risk for an expected rate of return. The ETFs that are purchased for a client’s portfolio have been researched by the firm’s employees for suitability. Suitability means the ETF sufficiently tracks its benchmark, is low cost, has ample liquidity for our portfolios, and managed by a reputable investment manager.
- C. Portfolios are recommended based on a client’s risk tolerance as described in section 4b. Each client’s circumstance is different thus each portfolio is tailored to their needs. Clients do not have the option to impose restrictions on their investments.
- D. wealthyX’s receives a flat fee of 0.50% of a client’s account balance. This fee is in addition to any commissions to be paid to a broker for execution services.
- E. All accounts are managed on a discretionary basis. As a new firm we currently do not have any assets under management.

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

- A. wealthyX receives a fee of 0.50% of a client’s account balance. wealthyX reserves the right, in its sole discretion, to negotiate, reduce or waive the advisory fee for certain client accounts for any period of time. For clients who are unhappy with the service they have received they may request in writing a refund of fees paid for that month. We will work with the client to exceed their expectations going forward.
- B. Annual fees are charged on a monthly basis. wealthyX’s fees are not charged in advance, and are calculated on a continuous basis and deducted from client accounts each month as follows: wealthyX calculates a daily advisory fee, which is equal to the fee rate multiplied by the net market value of the client’s account as of the close of trading on the New York Stock Exchange (“NYSE”) (herein, “close of markets”) on such day, or as of the close of markets on the immediately preceding trading day for any day when the

NYSE is closed, and then divided by 365 (or 366 in any leap year). The advisory fee for a calendar month is equal to the total of the daily fees calculated during that month and is deducted from client accounts no later than the tenth business day of the following month.

- C. While the firm only receives its advisory fee as described above and no other direct or indirect compensation related to investments that are purchased or sold for client accounts, clients may also pay other fees or expenses to third-parties. The issuer of some of the securities or products we purchase for clients, such as ETFs or other similar financial products, may charge product fees that affect clients. wealthyX does not charge these fees to Clients, and does not benefit directly or indirectly from any such fees. An ETF typically includes embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a client's portfolio performance or an index benchmark comparison. Expenses of an ETF may include management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer. wealthyX will disclose each ETF's current information, including expenses, on the Site to the best of its ability.

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

wealthyX does not charge performance-based fees. Our advisory fees are only charged as disclosed above in Item 5.

## **Item 7 Types Of Clients**

Our clients are typically individuals. The minimum amount required to open and maintain an wealthyX account is \$1,000 with automatic deposit of \$100 per month. Each client is required to answer our questionnaire as outlined in item 4 in order for us to provide investment advisory services.

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

wealthyX uses Modern Portfolio Theory (MPT) to create asset allocation portfolios for its clients. MPT has found that portfolios can be optimized for risk and return by allocating a portfolio to various asset classes rather than individual securities. This allocation creates a diversified portfolio that should maximize returns for a given level of risk or minimize risk for a required rate of return.

A key feature to our investment strategy is "Rebalancing." Rebalancing realigns the weightings of a client's portfolio of assets. The process involves periodically buying or selling assets in your portfolio to maintain your original desired level of asset allocation and exposure to risk. The

primary considerations for rebalancing is the portfolio's risk profile and tax implications.

Although portfolios are created to balance risk and return, investing in these portfolios involves risk of loss that clients should be prepared to bear.

### **Item 9 Disciplinary Information**

Neither wealthyX or any of its employees have ever been subject to any disciplinary events by regulators. There are no additional events that are material events to a client's or prospective client's evaluation of our advisory business or the integrity of your management.

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

At this time wealthyX nor any of its employees are associated or plan to be with any broker-dealer.

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

The firm has adopted a Code of Ethics that requires all officers and employees of the firm to act in a manner with the highest standards. They are to place the integrity of their profession and the interests of clients above their own interests, act with integrity, competence, and respect.

wealthyX's first responsibility is to act at all times as a fiduciary to its Clients. Under the normal course of business wealthyX's officers and employees may personally invest in securities recommended on the site, specifically the ETFs recommended for each asset class. Transactions in ETFs have been pre-approved for trading by wealthyX's Chief Compliance Officer based on the security's liquidity profile and structural characteristics. Additionally employees may also buy or sell specific securities for their own accounts that are not purchased or sold for Clients. wealthyX monitors the securities transactions of all employees and investigates any unusual patterns that it detects. It also requires all employees to report any violations of the Statement promptly to wealthyX's Chief Compliance Officer.

wealthyX prohibits that any employee from purchasing or selling any security prior to any pending transactions being executed for an advisory client account.

### **Item 12 Brokerage Practices**

wealthyX does recommend broker dealers to Clients but are encouraged to choose their own broker and are ultimately responsible for their own commissions payable. As a client of wealthyX limited Power of Attorney "POA" will be granted to the firm to make investment decisions on a discretionary basis.

1. Research and Other Soft-Dollar Benefits

wealthyX does not receive research, products, or other services from its broker/dealer or another third-party in connection with client securities transactions (“soft dollar benefits”).

2. Brokerage for Client Referrals

wealthyX does not receive referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. Clients Directing Which Broker/Dealer/Custodian to Use

clients will select their own broker and/or custodian.

### **Item 13 Review of Accounts**

wealthyX continuously reviews the accounts of all Clients that have funded accounts with the firm. Periodically rebalances are made to ensure each client’s portfolio maintains its optimized asset allocation as determined by their respective answers to the questionnaire. wealthyX also conducts reviews when material changes may have occurred to a clients portfolio or investment objectives. We consider tax implications and the risks associated with each of our chosen asset classes when deciding when and how to rebalance.

On at least an annual basis, wealthyX contacts each client for updates to their profile information that was previously provided. Clients are also asked to reconfirm the same information. These notifications and confirmations include a link to the clients current information and contact information for the wealthyX support team. Currently the wealthyX team members whose tasks include supervising, arranging and responding to these notifications, confirmations and reviews are: the Chief Compliance Officer with help from client services. wealthyX conducts separate reviews related to the ETFs used for Client portfolios. These reviews are approved by wealthyX’s Investment Committee, which has the authority, if necessary, to take action up to and including the removal, addition or replacement of an ETF, from the portfolios advised by wealthyX.

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

wealthyX expects from time to time to run promotional campaigns to attract Clients to open accounts on the Site. These promotions may include additional account services or products offered on a limited basis to select Clients, more favorable fee arrangements, and/or reduced or waived advisory fees for Clients. These arrangements may create an incentive for a third-party or other existing Client to refer prospective Clients to wealthyX, even if the third-party would otherwise not make the referral. These arrangements may also create a conflict of interest for a Client to maintain a certain level of assets managed through wealthyX if doing so would result in

eligibility to receive an incentive, bonus or additional compensation.

wealthyX may also pay pre-determined fees to third-parties for driving new users to wealthyX, which may be in the form of so-called CPM, CPC or CPA arrangements (respectively, impressions, clicks or actions through other websites). If wealthyX determines in the future to pay or compensate a third-party for Client referrals, wealthyX will disclose this practice in writing to the Client and comply with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, to the extent required by applicable law.

### **Item 15 Custody**

wealthyX does not maintain custody of any Client funds or securities. Each Client will receive all required account statements from their broker and should carefully review this information. While wealthyX reconciles trading information with Brokers on a regular basis a Client may experience differences in the information due to pending transactions, dividends, corporate actions, cash movements or withdrawals, or other activity. Only the Broker's (or other third-party's) trading confirmations and statements represent the official records of a client's account.

### **Item 16 Investment Discretion**

wealthyX requires that an account Agreement be completed by a Client who decides to retain wealthyX as her investment advisor. Under the terms of the account Agreement, wealthyX assumes full discretionary trading and investment authority over the client's assets held with the Broker. This means that wealthyX is given full authority under a power of attorney arrangement to select the timing, size, and identity of securities to buy and sell for the Client. Additional information about the Account Agreement can be found in Items 4 and 7, above.

### **Item 17 Voting Client Securities**

wealthyX, as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the clients. Our firm maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our firm's proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records. Clients may request information regarding how wealthyX voted a client's proxies, and clients may request a copy of the firm's proxy policies and procedures by emailing [support@wealthyX.com](mailto:support@wealthyX.com).



**Item 18 Financial Information**

This Item is not applicable because wealthyX does not require or solicit the prepayment of any advisory fees, and does not have any adverse financial condition that is reasonably likely to impair our ability to continuously meet our contractual commitments to our Clients.

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Form ADV Part 2B  
Client Brochure Supplement

July 1, 2014

This Brochure Supplement provides information about certain wealthyX employees listed below that supplements the wealthyX Brochure you should have received above. Please contact wealthyX at 888.227.5498 or [support@wealthyX.com](mailto:support@wealthyX.com) if you did not receive wealthyX's Brochure or if you have any questions about the contents of this Brochure Supplement. Additional information about Brian Dennen is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

wealthyX's discretionary investment advice is provided by a team comprised of more than four Supervised Persons, and wealthyX has provided group supplementary information below for the four Supervised Persons with the most significant responsibility for the day-to-day advice provided to Clients.

Peter Yuen, CFA, born 1975

Education

BS, New York University, 1996

MBA, Columbia University Business School, 2002

Business Background

1996 – 2002 Investment Strategist, Merrill Lynch & Co.

2003 – 2006 Investment Analyst/Portfolio Manager, US Trust Company

2006 – 2010 Portfolio Manager, UBS

2010 – 2013 Independent Investment Professional

2014 – present President & CEO, wealthyX LLC

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Mr. Yuen is the President & CEO of wealthyX LLC, and as such is not subject to additional supervision.