

**Part 2A of Form ADV: *Firm Brochure***

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Maker of Income Discovery**

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**06/18/2015**

**This brochure provides information about the qualifications and business practices of Fiducioso Advisors, Inc. maker of Income Discovery (hereinafter “Income Discovery” or “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (917) 740-9190 or at [manish@incomediscovery.com](mailto:manish@incomediscovery.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 Income Discovery is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Income Discovery is 157342. Registration with the Securities and Exchange Commission does not imply any level of skill or training.**

## **Item 2.           Summary of Material Changes**

On July 21, 2010, the U. S. Securities and Exchange Commission (the "SEC") unanimously adopted a new Form ADV Part 2. The new Part 2, also known as the "Brochure" has 18 separate items that our firm must address, each of which requires disclosure on a distinct topic, and answers must be presented in the order of the items in the form, using the headings in the form. Our goal is to provide you with easy-to-understand "plain-English disclosure," using an easy-to-read format and definite, concrete, everyday words.

In the past year, we made a number of clarifying changes to this form so that financial professionals and any other clients who utilize our financial tools would clearly understand enhancements to our products. These changes, while not material, clarified items 4, 7, 8, 11 and 14. We also have described in item 4 a new product made available to some of our professional clients. The tool is a retirement income calculator that will permit a client or a customer of a client to input several variables to produce an estimate of a retirement income number.

Our current Form ADV, Part 2 is available to our existing and prospective clients 24 hours a day through the Investment Adviser Public Disclosure website. Additionally, we annually and within 90 days of the end of our fiscal year, provide you either: (i) a copy of our Form ADV, Part 2 that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV, Part 2. We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

**Item 3. Table of Contents**

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

Income Discovery is a fee-based registered investment adviser which provides investment advice to all of its clients exclusively through an interactive website. The firm is registered with the SEC pursuant to Rule 203A-2(f) of the Investment Advisers Act of 1940. Our principal place of business is located in Basking Ridge, NJ. We have been in business as an investment adviser since 2011, with Manish Malhotra, President and Chief Executive Officer as majority owner of the firm.

We do not manage client portfolios and do not have any discretionary or non-discretionary assets under management. Our clients are investment professionals who utilize our analytical tools.

##### Asset Allocation Optimization Service

Through the interactive website (“software”), our firm provides consulting services to financial institutions and professionals (“financial advisors”). Our primary objective is to help these financial advisors analyze different strategies for generating retirement income using a combination of Social Security claim strategies, systematic withdrawal portfolio model allocations, ladder of individual bonds held-to-maturity and longevity risk products (“annuities”). Our software helps the financial advisors address and demonstrate the dynamic risk - reward tradeoffs experienced by their clients during retirement lifestage.

Our software evaluates different allocations to Systematic Withdrawal Portfolios, Social Security claim strategies, Bond Ladder and annuities to find an optimum one. It does so in two modes: a basic mode that ignores tax details and an advanced mode that includes additional tax details and separate tax type of each account. In addition to the optimization capability, the software lets the financial advisor analyze a specific allocation (“retirement income strategy”) and compare the results side-by-side with previously analyzed allocations. The financial advisor has discretion in selecting the allocations / retirement income strategies to be shared with their client (“underlying account holder”) and also in determining one of the strategies as *proposed*. Systematic Withdrawal Portfolios are portfolios of asset classes with uncertain returns from which the retiree makes periodic withdrawal to generate the cash flow needed during retirement. Bond Ladder consists of portfolio of fixed income instruments held to maturity to generate the periodic cash flow. Both fixed and variable annuities are also supported in the evaluation process.

##### Safe Income Service

We offer to certain clients a calculator that generates an estimated projection of an income that can be produced by a customer’s assets utilizing multiple criteria determined by our client or its customer. Examples of those criteria are the total assets of the customer, an estimate of the number of years of retirement anticipated, and the nature of the allocation and risk deemed desirable for that customer. Because the calculator is based on certain assumptions regarding the three risk choices that may be selected, our client should make sure that the party entering the data understands the parameters incorporated in the choices. We believe that the results of the calculation should have a probability of success of approximately 85%.

### Services in General:

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and primarily include advice regarding the optimal allocation of different asset classes such as equity, fixed income, and fixed and variable annuity products. Our recommendations are, however, limited by the universe of investment options entered by the financial advisor into the optimization program.

All investment recommendations are based on the information provided by a financial advisor through our interactive website and are tailored to the underlying account holder. Our firm does not implement any recommendations. The financial advisor utilizing the platform remains solely responsible for collecting account holder suitability information, identifying investment options, as well as for the evaluation and implementation of recommendations derived from our analytical tools.

Certain of the analytical tools we make available to financial professionals and their customers focus on factors that do not directly involve investment in securities, such as the analysis of when and how to implement claims for Social Security benefits. Although such services may not be subject to regulation under the laws and regulations governing investment advisory firms, we apply our Code of Ethics and procedures to information obtained in the course of providing such services in order to protect any personal information of our clients' customers.

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

Our advisory fees for consulting services described in Item 4 of this Brochure are charged as a fixed monthly fee of \$49 per advisor for the base version of the services and \$99 per advisor for premium version of the services. These fees are charged monthly in advance. Advisors who sign up for an annual subscription may receive a discount. We reserve the right to change these programs and/or fees at any time, but will honor pre-paid fees.

Our monthly fees and minimums are generally not negotiable but may be discounted for annual subscribers. We also do bulk sales to multiple financial advisors through their employing broker-dealer or advisory firms. Per financial advisor fees are discounted for these bulk sales.

Except for bulk sales to institutions such as broker-dealers, Registered Investment Advisors and Insurance Firms, we will not earn fees in excess of \$1,200 per client more than six months in advance of services rendered.

### Account Termination:

Financial advisors may terminate the agreement by providing us with a written notice at our principal place of business. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. The fee charged to any terminating Advisor receiving an annual subscription discount will be recalculated at a full monthly rate in case of early termination.

### Brokerage and Custodial Fees:

In addition to the advisory fees paid to our firm, clients and/or their customers remain responsible for all transaction, brokerage, and custodial fees incurred as part of their account management. Please see Item 12 of this Brochure for important disclosures regarding our brokerage practices.

**Item 6. Performance-Based Fees and Side-By-Side Management**

We do not charge any fees based on a share of capital gains on or capital appreciation of client assets.

**Item 7. Types of Clients**

Our firm generally provides advisory services to investment firms and professionals such as investment advisers, investment adviser representatives, broker dealers, registered representatives, insurance companies and insurance brokers/agents. It is the responsibility of each such professional to comply with laws and regulations requiring them to obtain, and update periodically, information regarding the financial and other factors affecting each or the customers of the professional.

We require a minimum monthly fee of \$49.

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

Our firm employs the following types of analysis to formulate client recommendations.

Asset Allocation Analysis:

Rather than focusing on securities selection, we assist a financial advisor in identifying an appropriate ratio of asset classes such as equities, fixed income and variable and fixed annuities in concert with a Social Security claim strategy to guide a retiree in choosing a retirement income plan by analyzing the risk-reward trade-off, and in the advanced mode, the tax-type account location of new purchases and withdrawal order across different tax type accounts.

A risk of asset allocation is that the ratio of equity securities, fixed income securities, and annuity products will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals, and it is the responsibility of the investment professionals utilizing our analytical tools to monitor the need for such changes.

Monte Carlo Analysis:

Our optimum allocations are identified as the ones providing the desired retirement income at lesser risk when tested using Monte Carlo Simulation using historical sequence of returns or forward looking expectations. Monte Carlo simulation is a probabilistic approach to analyze an allocation under different set of potential future paths of inflation and asset class returns. The projections or other information generated by Monte Carlo analysis tools regarding the

likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time. The relevant calculations may be impacted greatly if assumed variables such as capital contributions, withdrawal amounts, inflation rates, expected rate of return, and volatility deviate from expectations.

#### Web-Based Analysis:

Our firm provides consulting advice exclusively through the use of an internet website. Web-based advice has significant limitations that advisors' prospective clients should understand before subscribing to advertised services. Specifically, in a web-based advisory arrangement, a client does not receive the benefits of face-to-face, telephone, or otherwise individualized interaction with his/her investment adviser, therefore limiting the client's ability to ask questions or relay important information. Moreover, such an arrangement also limits the ability of the adviser to assess the unique financial condition of each client, as well as each client's specific investment goals and objectives.

As stated in Item 4 of this Brochure, our firm does not manage client accounts, does not purchase or sell securities, and does not implement any advisory recommendations.

***Clients should assure that customers understand that investing in any securities, including mutual funds and ETFs, involves a risk of loss of both income and principal that a client should be prepared to bear. Clients will be obligated to obtain and maintain current information regarding the financial and other factors impacting their customers.***

#### **Item 9. Disciplinary Information**

Our firm has no reportable disciplinary events to disclose.

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

Neither our firm nor our employees engage in any other financial industry activities or have any other financial industry affiliations.

#### **Item 11. Code of Ethics, Participation in Client Transactions & Personal Trading**

##### Code of Ethics Disclosure:

The Code of Ethics ("Code") establishes rules of conduct for all employees of the Firm and is designed to, among other things, govern personal securities trading activities in the accounts of employees, immediate family/household accounts and accounts in which an employee has a beneficial interest. A copy of the Code is available to any client or prospective client upon request. The Code is based upon the principle that the Firm and its employees owe a fiduciary duty to the Firm's advisory clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of

clients, (ii) taking inappropriate advantage of their position with the Firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code is designed to ensure that the high ethical standards maintained by the Firm since its inception continue to be observed by each of the Firm's owners, management (including officers and directors), employees, and any other person who provides investment advice on behalf of the Firm and is subject to the Firm's supervision and control ("Supervised Persons" or "Personnel"). The purpose of the Code is to preclude activities that may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our Firm continues to be a direct reflection of the conduct of each of its Personnel.

Pursuant to Section 206 of the Advisers Act, both the Firm and its Personnel are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Compliance with this section involves more than acting with honesty and good faith alone. It means that the Firm and each of its Personnel has an affirmative duty of utmost good faith to act solely in the best interest of its clients.

The Firm and its Personnel have a specific fiduciary obligation when dealing with its advisory clients to have a reasonable, independent basis for the investment advice provided for the benefit of its client's customers.

In meeting its fiduciary responsibilities to its clients, the Firm expects each of its Personnel to demonstrate the highest standards of ethical conduct for the continuance of their professional relationship with the Firm. Strict compliance with the provisions of the Code shall be considered a basic condition for such continuance.

The Firm provides investment advice exclusively through an interactive website. The Firm's investment advice is limited to the provision of software-based models or applications providing advice relying on personal information submitted by our clients. As such, the Firm does not directly manage, take custody of, have knowledge of or have any discretionary authority with respect to any of our client's underlying customer accounts. Consequently, in performing its obligations to its advisory clients, the Firm and its Personnel do not gain access to nonpublic information regarding securities holdings and transactions of our advisory client's customers or make securities recommendations to clients or have access to such recommendations that are nonpublic. As such, the Firm does not have any "access persons" as defined in Rule 204A-1. Therefore, the Firm does not require its Personnel to seek direct approval for any personal security transaction or to periodically provide a statement of their personal securities holdings.

The CCO shall periodically review this determination, not less frequently than annually, and at such time as the Firm does or may have "access persons" under such Rule, revise this Code to comply with and require all reporting and other matters thereunder. Further, notwithstanding the foregoing, should any Personnel receive or otherwise gain access to material nonpublic information, including information with respect to changes in the recommendations that will be, but have not yet been, published through the Firm's models, no such Personnel shall be permitted to execute securities transactions on the basis of such information prior to publication.



Irrespective of the foregoing description of its advisory services, the Firm recognizes that trading securities while in possession of material, nonpublic information, or improperly communicating that information to others may expose the Firm and its Personnel to stringent penalties. All Personnel, whether “access persons” or not, are subject to the Firm’s Insider Trading Policies contained in the Firm’s IA Policies and Procedures Manual.

#### **Item 12. Brokerage Practices**

We do not have any formal or informal soft-dollar arrangements and do not receive any soft-dollar benefits.

As our firm does not implement investment recommendations for our client’s customer accounts, we do not utilize or recommend the services of any broker dealers. Account holders and/or their selected investment advisers are responsible for selecting brokers and evaluating their execution capabilities. Therefore, account holders should refer to their investment advisers’ disclosure documents for specific descriptions of their brokerage policies, including the ability to obtain best execution, soft-dollar arrangements (if any) as well as aggregation and allocation practices.

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

Our client Advisors will receive customized reports for each of the accounts that they have analyzed, detailing optimized asset allocation recommendations, retirement withdrawal rates and associated risk levels. The generation of these reports will be triggered by each Advisor’s entry of new information into our web-based platform. Our firm will not conduct any periodic or ongoing account reviews.

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

We may pay referral fees to third parties for referring financial professional to become clients of our firm. Payment of referral fees for prospective client referrals creates a potential conflict of interest to the extent that such a referral is not unbiased and the solicitor is, at least partially, motivated by financial gain. Therefore, there is a risk that such a referral may be made even if our advisory services are not suitable to a particular prospect’s needs or entering into an advisory relationship with us is not, overall, in the best interest of the customer or prospect. As these situations represent a conflict of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities:

1. All such referral fees are paid in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements;
2. Any such referral fee will be paid solely from our investment management fee, and will not result in any additional charge to the client;
3. If the customer is introduced to us by an unaffiliated solicitor, the solicitor, at the time of the solicitation, will disclose the nature of his/her/its solicitor relationship and provide each prospective customer with a copy of our Form ADV Part 2 Brochure, together with a copy of the written disclosure statement from the solicitor to the prospect disclosing the

- terms of the solicitation arrangement between our firm and the solicitor, including the compensation to be received by the solicitor from us; and
4. All referred customers will be carefully screened to ensure that our fees and services are suitable to their objectives.

**Item 15. Custody**

Custody is defined as any legal or actual ability by our firm to access client funds or securities. As we do not manage client accounts, we do not have actual or constructive custody of client funds or securities.

**Item 16. Investment Discretion**

As we do not manage client accounts, we do not accept or exercise any investment discretion.

**Item 17. Voting Client Securities**

Our firm does not vote proxies on behalf of clients or their customers and does not provide clients or their customers with consulting assistance regarding proxy issues.

We do not advise or act on behalf of a client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements.

**Item 18. Financial Information**

Except for bulk sales to institutions such as broker-dealers, Registered Investment Advisors and Insurance Firms, we will not earn fees in excess of \$1,200 per client more than six months in advance of services rendered.

**Part 2B of Form ADV: *Brochure Supplement***

Manish Malhotra

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**06/18/2015**

**This brochure supplement provides information about Manish Malhotra that supplements the Fiducioso Advisors, Inc brochure. You should have received a copy of that brochure. Please contact Stephan Granitz, Chief Compliance Officer, if you did not receive our brochure or if you have any questions about the contents of this supplement.**

## **Item 2. Educational Background and Business Experience**

Manish Malhotra

Year of Birth: 1975

### Education:

Mr. Malhotra graduated from the Indian Institute of Technology (India) in 1996 with a Bachelor of Technology degree and from XLRI (India) in 1998 with an MBA in Finance and Marketing.

### Business Background:

President and Chief Executive Officer, Fiducioso Advisors, Inc. from 07/2010 to present

Senior Vice President, Citigroup Global Markets, Inc. from 04/2006 to 07/2010

Vice President, Bank of America from 08/2002 to 03/2006

Associate, Nomura Securities from 03/2001 to 08/2002

## **Item 3. Disciplinary Information**

Mr. Malhotra does not have any history of reportable disciplinary events.

## **Item 4. Other Business Activities**

Mr. Malhotra is not engaged in any outside business activities.

## **Item 5. Additional Compensation**

Mr. Malhotra does not receive any additional compensation from third parties for providing investment advice to our clients.

## **Item 6. Supervision**

As the owner of our firm, Manish Malhotra, President, CEO determines the general business strategy of the firm and is responsible for all employee supervision. He can be reached at (917) 740-9190. Mr. Malhotra has a direct impact on the formulation and monitoring of the algorithm for generating investment advice. A separate software development team implements the algorithms and calculations that are comprehensively tested for accuracy.

**Part 2B of Form ADV: *Brochure Supplement***

Mikhail Kolfman

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**06/18/2015**

**This brochure supplement provides information about Mikhail Kolfman that supplements the Fiducioso Advisors, Inc brochure. You should have received a copy of that brochure. Please contact Stephan Granitz, Chief Compliance Officer, if you did not receive our brochure or if you have any questions about the contents of this supplement.**

**Item 2. Educational Background and Business Experience**

Mikhail Kolfman

Year of Birth: 1958

Education:

Mr. Kolfman graduated from the Moscow Institute for Road Construction in 1983 with a Master of Civil Engineering.

Business Background:

Chief Software Architect, Fiducioso Advisors, Inc. from 2010 to present

Vice President, Citigroup Global Risk Management from 2005 to 2009

**Item 3. Disciplinary Information**

Mr. Kolfman does not have any history of reportable disciplinary events.

**Item 4. Other Business Activities**

Mr. Kolfman is not engaged in any outside business activities.

**Item 5. Additional Compensation**

Mr. Kolfman does not receive any additional compensation from third parties for providing investment advice to our clients.

**Item 6. Supervision**

As the Chief Software Architect of the firm, Mr. Kolfman has a direct impact on the formulation and monitoring of the algorithm for generating investment advice. A separate software development team implements the algorithms and calculations that are comprehensively tested for accuracy. Mr. Kolfman is supervised by the owner of our firm, Manish Malhotra, President, CEO who can be reached at (917) 740-9190.

**Part 2B of Form ADV: *Brochure Supplement***

Stephan Granitz

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**06/18/2015**

**This brochure supplement provides information about Stephan Granitz that supplements the Fiducioso Advisors, Inc brochure. You should have received a copy of that brochure. Please contact Stephan Granitz, Chief Compliance Officer, if you did not receive our brochure or if you have any questions about the contents of this supplement.**

## **Item 2. Educational Background and Business Experience**

Stephan Granitz

Year of Birth: 1985

### Education:

Mr. Granitz graduated from York College of Pennsylvania with a Bachelor's in Economics and Finance and a minor in Marketing in 2007 and from the International Business School at Brandeis University in Waltham, MA with a Master's degree in International Economics and Finance in 2009.

### Business Background:

Senior Financial Analyst and Chief Compliance Officer, Fiducioso Advisors, Inc. from 02/2015 to present

Intelligence Analyst and Linguist, U.S. Army from 11/2009 to 01/2015

## **Item 3. Disciplinary Information**

Mr. Granitz does not have any history of reportable disciplinary events.

## **Item 4. Other Business Activities**

Mr. Granitz is not engaged in any outside business activities.

## **Item 5. Additional Compensation**

Mr. Granitz does not receive any additional compensation from third parties for providing investment advice to our clients.

## **Item 6. Supervision**

As the Senior Financial Analyst, Mr. Granitz has a direct impact on the formulation and monitoring of the algorithm for generating investment advice. A separate software development team implements the algorithms and calculations that are comprehensively tested for accuracy. As the firm's Chief Compliance Officer, Mr. Granitz is responsible for enforcing compliance with our policies and procedures, Code of Ethics, employee rules of conduct, and all relevant federal and state laws and regulations. Mr. Granitz is supervised by the owner of our firm, Manish Malhotra, President, CEO who can be reached at (917) 740-9190.