



Invethic

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Form ADV Part 2A

Client Brochure

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This Brochure provides information about the qualifications and business practices of Invethic. If you have any questions about the contents of this Brochure, please contact our Chief Executive Officer, Anthony E. Schmitz using the information above. The information in this Brochure has not been approved by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Invethic's registration as an investment advisor does not imply any specific level of skill or training. Additional information regarding Invethic can be found on the SEC's website at www.advisorinfo.sec.gov.

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Item 4 – Advisory Business

A. Description of Firm

Invethic is an automated investment advisory and portfolio management service focusing on Socially Responsible Investing (SRI). Invethic is a privately held company headquartered in San Francisco, CA and was founded as a Wyoming Limited Liability Company in 2015.

B. Services Offered

Invethic offers a computerized investment advisory and portfolio management service based on the principles of passive investment management and socially responsible investment in order to provide a low-cost, fully robust and socially responsible solution for individual investors and institutions to develop and manage portfolios of any size.

Each portfolio is designed to conform to each client's risk tolerances, investment objectives and Socially Responsible Investing preferences. Invethic provides a number of services including:

1. Identification of asset class combinations balancing risk and reward in an optimal fashion;
2. Identification of low-cost ETF's or individual equity and bond securities that compose the asset classes in bullet point 1;
3. Recommendation of securities and security weights that are justified based on the client's identified socially responsible preferences, risk tolerance and investment objectives;
4. Appropriate time and procedure to rebalance the portfolio back to the original recommended asset allocation;
5. When to recognize capital losses for the purposes of tax deferment;

Invethic specializes in socially responsible investment advice, quantitative analysis of asset classes and portfolios, effects of taxation on investment performance and financial planning. Invethic does not seek to provide affirmative investment advice in the areas of market timing, hedging strategies or similar areas generally accepted to be included in the area of active investment management.

C. Tailoring of Advisory Services

Invethic's automated advisory and portfolio management service by default tailors its investment advice and portfolio management strategy to the needs of each individual client subject to levels of service dictated by the level of assets under management attributed to each client.

Tailoring of services is multi-faceted in terms of the following characteristics:

1. Risk Tolerances

Invethic uses an internally derived risk tolerance questionnaire in order to gauge both the client's ability to take risk and behavioral aversion to risk. The nature and number of questions is formulated to be as comprehensive and informative as possible using the minimum number of possible questions. Invethic recognizes that further tailoring of a client's risk tolerances may be possible by requesting answers to more questions, but has judged that the marginal benefit of additional questions is negligible compared to the information able to be presently gathered.

Once the questionnaire is completed, Invethic generates a risk aversion identifier that generalizes the client's responses to the questionnaire into a numerical score. This numerical score determines the degree to which a client would be willing to accept a lower return in lieu of lower portfolio volatility. An analysis is then performed which attempts to identify the asset class weights which maximize the risk-adjusted return of each client. These asset class weights form the basis of the client's asset class allocation.

2. Socially Responsible Preferences

After completing the risk tolerance questionnaire, the client is prompted for a second questionnaire which attempts to gauge the client's socially responsible investment preferences. The nature and number of questions is formulated to be as comprehensive and informative as possible using the minimum number of possible questions. Invethic recognizes that further tailoring of a client's socially responsible investing preferences may be possible by requesting answers to more questions, but has judged that the marginal benefit of additional questions is negligible compared to the information able to be presently gathered.

Once the questionnaire is completed, Invethic generates a socially responsible archetype for the interested client. Archetypes are classified by the client's passion or indifference towards three established tenants of socially responsible investing: 1) Environment, 2) Social, 3) Governance as well as whether the client wishes to exclude certain categories of equity securities (e.g. tobacco, nuclear energy, alcohol) which provide questionable societal benefit. Invethic will use the results of the questionnaire to develop a universe of available securities ranked by score that the client portfolio will be derived from. Those securities that rank the highest that certain diversifying constraints of the portfolio will be selected.

3. Tax Management of Client Accounts

The tax-management strategy of each client will depend on the type of account types the client chooses to hold at Invethic. For example, a client with only tax-deferred or tax-exempt retirement accounts at Invethic will not be offered the tax-loss harvesting feature as such a feature would produce no benefit to the client. A client with both a tax-exempt or tax-deferred account along with a taxable account will be given an asset allocation that will attempt to minimize taxes by places funds with high expected marginal tax impacts in tax-exempt or tax-deferred accounts.

D. Wrap Fee Program

All assets managed by Invethic are managed as part of a Wrap Fee Program. Invethic defines a wrap account as a professionally managed investment plan in which all expenses, including brokerage commissions, management fees, and general and administrative costs, are bundle into a single fee. Invethic provides clients investment advice, portfolio management and brokerage services for a fixed percentage fee based on the client's assets under management at Invethic.

Invethic may from time-to-time offer discounts or eliminate the Wrap Fee for select clients at certain time periods at Invethic's discretion. Invethic manages only discretionary accounts through its online platform.

E. Assets Under Management

Invethic currently does not manage any client assets as its platform has not yet been made available to any potential clients. Invethic does have a waitlist of potential clients who have expressed interest in the platform. Invethic also has non-binding verbal arrangements in place from a select group of clients willing to contribute to the platform when the platform is made available.

Item 5 - Fees and Compensation

A. Advisory Fees

Invethic's portfolio management service charges an annualized fee of 0.25% of a client's market value of assets under management. Invethic may from time-to-time offer discounts or eliminate the assets under management fee for select clients at certain time periods at Invethic's discretion and without notice to other clients.

Fees are calculated and paid monthly in arrears. The monthly fee calculated is the annual asset management fee of 0.25% divided by 12 months applied to the average daily weighted average assets under management calculated in that month. The daily weighted average assets under management is calculated based on market prices as of the close of trading on the New York Stock Exchange (NYSE). The fee will be deducted from the account the first business day after the end of the prior month. For example, fees incurred during the month of July would be deducted the first business day of August.

B. Other Fees

Invethic is a "fee only" financial advisor and does not charge any fees in excess of its advisory fee. Neither the firm nor its employees receive or accept any direct or indirect compensation related to investments that are purchased or sold for client accounts.

In addition to advisory fees, 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 embedded fund management fees that are indirectly paid by clients. These fees are not paid to Invethic but rather to the fund itself. Such fees manifest themselves as expenses that reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance. 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. Invethic discloses each ETF's current information, including expenses, on the website, but does not guarantee that expenses provided on the website are always current.

Invethic has entered into arrangements with external business parties to provide brokerage and research services to clients of Invethic. Brokerage services were selected based on the lowest cost, robustness and best execution abilities of the broker. Invethic does not receive financial consideration from the broker or exchanges in which the broker transacts in exchange for routing of client orders through a specified broker or exchange. Likewise, research services were selected based on the quality, comprehensiveness and low cost of said services. Again, Invethic does not receive any financial consideration from any external party for purchase of research services from the research provider.

Potential clients evaluating Invethic's automated investment advice and portfolio management solution should be aware that Invethic's relationship with clients is likely to be different from a "traditional" investment advisor relationship in several aspects:

- 1) Invethic is an automated investment advisor meaning each client must agree to be served by Invethic on a purely electronic basis unless otherwise noted. Each client must also agree to abide by the terms of service as given in the Client Agreement.
- 2) Invethic relies on the information received about the client through its risk tolerance and Social Identity questionnaire in order to customize its product offering for each client. Such customization is only appropriate for as long as the information received from the client is current. Invethic's policy is to prompt clients from time-to-time to ensure Invethic's information about the client is up-to-date, however it is the client's responsibility to notify Invethic of any change in his or her financial situation or investment objectives that may affect the customized investment advice Invethic offers.
- 3) Invethic's automated service includes an array of pre-selected ETFs that are eligible for client purchase. ETFs outside of the pre-selected list are not available for purchase by clients.

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

Invethic does not charge clients performance-based fees under any circumstances.

Item 7 - Types of Clients

There is no minimum amount required to open or maintain an account at Invethic. Invethic is open to individuals and institutions in the form of taxable accounts, trust accounts and retirement accounts.

Invethic does offer different tiers of client service depending on the level of assets under management attributed to each client. For example:

- For assets under management of less than \$10,000 USD available to invest in the Social Identity products, clients will be able to invest in only in the ETF products offered by Invethic.
- For assets under management of \$10,000 to \$100,000 per account, clients will be given the option to invest in Invethic's Social Identity 100 service consisting of around 100 individual equity securities¹ in addition to the ETF products offered by Invethic. At least \$10,000 is required invest in Invethic's Social Identity 100 service.
- For assets under management of \$100,000 to \$500,000, clients will be given the option to invest in Invethic's Social Identity 200 service consisting of around 200 individual equity securities¹ in addition to the ETF products offered by Invethic. At least \$100,000 is required invest in Invethic's Social Identity 200 service.
- For assets under management of \$500,000 and higher, clients will be given the option to invest in Invethic's Social Identity 400 service consisting of around 400 individual equity securities¹ in addition to the ETF products offered by Invethic. At least \$500,000 is required invest in Invethic's Social Identity 400 service.

Note for accounts totaling under \$5,000 in assets, Invethic may disable automated rebalancing and tax-loss harvesting features due to share price constraints.

Assets under management constraints involving Invethic's Social identity services are put in place to ensure a minimum number of securities can be physically purchased by the level of assets under management available from each client. For example, purchasing 100 individual securities each with an assumed share price of \$100 would necessitate at least 100 shares be purchased for total committed capital of \$10,000.

Clients are free to withdraw funds in full or in part, or may terminate their account(s) at any time. When such a withdrawal or account closure occurs, Invethic may initiate an adjustment in account positions in order to compensate for reduced assets which may include selling client securities at market prices or selling individual securities in favor of ETF

¹ The exact number of securities chosen for any given client may differ by up to 20% of the indicated number of securities. For example, if a client is eligible for the Social Identity 100 service, a client's portfolio will consist of at least 100 securities, but may include up to 120 securities. Invethic makes no guarantee regarding the exact number of securities that will constitute a client's portfolio.

products. Invethic will attempt to minimize the negative tax implications of such adjustments on an automated basis, however such adjustments may necessarily produce unfavorable tax outcomes for the client and Invethic does not guarantee or warrant any particular tax outcome as a result of using Invethic's automated investment advice or portfolio management service.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

A. Asset Allocation Methodology

Invethic utilizes a mean-variance framework in the context of utility theory in order to determine a client's asset allocation. First, a client's risk aversion is determined based on results from Invethic's risk tolerance questionnaire and is assigned a score using an internally calibrated equation that assigns an importance and consistency to each question. Invethic uses a client's risk aversion score to calculate a client's optimal asset mixture given the client's aversion to risk and expected stock and bond mean-variance assumptions. We believe the keeping statistical assumptions limited to stock and bond returns, volatilities and correlation is a justifiable balance between a robust analytical framework and the false precision stemming from using higher granularity inputs as we will describe in the next paragraph.

Many advisory firms rely on a rigid framework of Modern Portfolio Theory (MPT) in the context of mean-variance optimization or the Black-Litterman model to develop client portfolios. While Invethic does rely on key tenants of MPT, Invethic does not rigidly utilize the MPT framework when designing client portfolios, instead relying more on market capitalization weighted allocations to sub-categories of equities. There are several reasons for this:

- 1) Many of the optimization techniques being used by other advisors attempt to optimize for the future based on returns, variances and correlations observed historically. While this may seem benign in practice, such statistics describing financial time-series data are often unstable over time, a phenomenon known as non-stationarity which affects the predictive value of any model attempting to forecast the future using past data. Thus, such an optimization may produce a high degree of false precision. For example, an allocation derived from using data obtained during the 1980's may have produced allocations that were not optimal during the 90's and henceforth because the characteristics of the market changed.
- 2) Those utilizing a mean-variance optimization framework can often be subject to results that are highly sensitive to the expected return inputs that go into such models. By changing the expected return of one of the assets by a small margin, an unexpected or unintuitive result may be obtained. Since none of us know to that degree of precision what the expected returns for an asset are over a long period of time such as the typical investment horizon of a young investor, the probability that the calculated asset allocation will be sub-optimal is substantial.
- 3) Some providers claim to utilize the Black-Litterman approach to asset allocation. The utility of the Black-Litterman approach is derived from the user providing their own opinions on expected returns that differ from the market. At Invethic, we're not in the business of providing predictions on expected returns, variances and correlations

beyond what are necessary to produce allocations to stocks and bonds. Our belief is that any finer granularity will produce predictions that have a high probability of being incorrect and thus sub-optimal over time. In the absence of any differing future economic views, the Black-Litterman approach by default suggests the market portfolio as the efficient allocation.

- 4) MPT relies on certain statistical, transactional and behavioral assumptions that have been criticized by leading experts in the fields of finance and economics. While many of today's more sophisticated models can compensate for some of the controversies, none of the models in existence today can compensate for most of the criticisms levied against MPT. Again, because MPT is being used to provide predictions about the future based on data from the past, the level of false precision of most MPT models can be substantial.
- 5) Our Social Identity service involves structuring custom portfolios for each client which can include distinct individual stocks and their associated weightings. Because expected returns, variances and correlations are orders of magnitude more difficult to predict than asset classes and their associated sub-categories, a mean-variance analysis or Black-Litterman approach applied to these assets would almost surely result in allocations that become sub-optimal over time. And because our Socially Identity services results in distinct portfolios for each client, accounting for Socially Responsible stocks as an asset class does not reflect the customizable nature of our Social Identity service.

B. ETF Selection

Because Invethic typically relies on market capitalization weighted exposure to develop client portfolios, we provide ETF products which attempt to cover the entire world-wide market for equities and bonds. ETFs are selected for their market coverage breadth, lowest possible expense ratio, low observed bid/ask spreads, low degree of tracking error and a high degree of liquidity. Invethic does not offer exposure to alternative investments such as physical real-estate, commodities, private equity or hedge funds.

We are aware that some advisors offer distinct exposure to real-estate and natural resource ETFs. Natural resources and real estate do offer the potential for diversification benefits if structured correctly. The problem is these investments as named by many advisors are simply ETFs that consist of the stocks of companies engaged in products or services involving commodities or real estate, but not the actual commodities or real estate themselves. This means that the return characteristics of these ETFs will often correlate highly with the returns of equities, thus providing negligible diversification benefits. In addition, the way we define the market portfolio, stocks of natural resource companies and real estate investment trust (REIT) entities are already included in the available universe of eligible assets. By tilting more towards these sectors, we would be supporting a double

standard that we don't believe the market portfolio offers the best combination of risk/reward.

C. **Social Identity Service**

Clients investing \$10,000 or more in equity securities are given the option of investing in Invethic's Social Identity service whereby an algorithm creates a diversified portfolio of equity securities that has been constructed based on the client's provided socially responsible preferences. A client's socially responsible preferences are determined from a questionnaire which presents the client with a series of scenarios in which the client is prompted for a course of action. The degree of the course of action selected by the client provides Invethic with specific information regarding the client's preference for a given pillar of Environmental, Social or Governance (ESG) policies. Clients are scored in 15 categories spanning the spectrum of Environmental, Social or Governance subcategories as follows:

Environment

- Resource Reduction
- Emissions Reduction
- Product Innovation

Social

- Diversity
- Human Rights
- Employment Quality
- Health & Safety
- Training & Development
- Community Engagement
- Product Responsibility

Corporate Governance

- Board Structure
- Executive Compensation
- Shareholder Rights
- Board Functions
- Vision & Strategy

Clients are also give the choice to exclude specific categories of investments. The available categories are as follows:

Vice Stocks

- Alcoholic Beverages
- Tobacco

- Gambling
- Pornography

Regional

- State Sponsors of Terrorism
- Communist Regimes

Environment

- Nuclear Energy
- Agrochemicals
- Oil & Gas
- Genetically Modified Organisms (GMOs)

Conflict

- Armaments
- Cluster Bombs
- Anti-Personnel Landmines
- Federal Government Bonds

Welfare

- Animal Testing

Pro-Life

- Contraceptives
- Embryonic Stem Cell Research
- Abortifacients

Invethic applies the questionnaire responses to an algorithm which selects the highest rated basket of securities corresponding to the client's socially responsible preferences constrained by target market capitalization weightings, sector weightings, liquidity of a given security and exchange on which the security is traded. The selected portfolio is designed to mimic the market capitalization and sector profile of a total stock market index. The number of securities selected is based on the assets invested in the Social Identity service and ranges from a minimum of 100 securities to a maximum of 400. The actual number of securities selected is an output of an optimization problem and thus varies by up to 20% from the disclosed value.

D. Portfolio Management

As part of Invethic's automated advisory and portfolio management services, Invethic will periodically rebalance a client's portfolio holdings as the holdings drift away from the client's set asset allocation due to market fluctuations. Invethic will attempt to minimize the

negative tax implications of such rebalancing events on an automated basis, however such adjustments may necessarily produce unfavorable tax outcomes for the client and Invethic does not guarantee or warrant any particular tax outcome as a result of using Invethic's automated investment advice or portfolio management service.

Invethic offers tax-loss harvesting as a portfolio management feature to clients. Tax-loss harvesting attempts to recognize capital losses in an attempt to offset capital gains and/or up to \$3,000 of ordinary taxable income for the purpose of reducing tax liability. Gains from tax-loss harvesting manifest typically in the form of reduced taxes for net tax payers or refunds for non-net tax payers. Tax loss harvesting is a useful method for delaying payment of taxes and for taking advantage of differences in tax rates stemming from differences in income source or natural changes in marginal tax rates over time. Tax-loss harvesting can often delay or reduce taxes, but can also increase tax-liability if marginal income tax rates or capital gains rates shift against the client over time. Invethic's tax-loss harvesting feature may produce an adverse outcome should the client have taxable assets unaccounted for outside of the Invethic platform which realize gains or losses. Invethic makes no guarantee that tax rates will not change to the disadvantage of clients and does not guarantee that Invethic's tax-loss harvesting feature won't result in a negative tax outcome. In addition, Invethic does not guarantee that future tax law will not limit or curtail the ability to offset capital gains and ordinary income with capital losses. Clients should not take any claims made by Invethic regarding tax-avoidance as legal advice and should consult legal counsel to ensure Invethic's tax avoidance features are applicable to their situation.

E. Risk Considerations

Invethic does not guarantee any level of performance or that any client will avoid losses. Any investment in securities involves a level of risk that clients should be prepared to accept. Invethic will attempt to construct portfolios that meet the desired risk characteristics of each client, but makes no guarantee that levels of variability or loss will not exceed historical or expected values.

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risk items, each of which may affect the probability of adverse consequences and the magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining Invethic's services. These risks should be considered as possibilities, with additional regard to their actual probability of occurring and the effect on a client if there is in fact an occurrence.

Market Risk – Defined as the possibility for an investor to experience losses due to factors that affect the overall performance of the financial markets. Market risk, also called "systematic risk," cannot be eliminated through diversification. The risk that a

macroeconomic event such as a business cycle bust will cause a decline in the market as a whole is an example of market risk.

Style Risk – Because Invethic is a socially responsible investment advisor and offers products that focus on socially responsible investment, clients investing in these products may be subject to style risk. Style risk in this context refers to the likelihood that SRI will underperform other mutual funds or ETFs screened with similar criteria, from other asset classes, or from the overall stock market whether due to the SRI selection parameters, style drift or market-capitalization weighted drift.

Sector Risk – Because Invethic is a socially responsible investment advisor and offers products that focus on socially responsible investment, clients investing in these products may be subject to sector risk. Sector risk in this context refers to the likelihood that the sector weighting of any given SRI portfolio created with Invethic's platform will not match precisely those weighting in other mutual funds or ETFs screened with similar criteria, from other asset classes, or from the overall stock market which may cause underperformance.

Advisory Risk – Defined as the possibility that Invethic's investment advice and portfolio management tools may fall short in producing the client's desired investment objectives or may underperform alternative methods of investment advice and portfolio management methods. Invethic does not warrant or guarantee any particular outcome in regards to its investment advice or portfolio management service and does not bear responsibility for any loss incurred by the client outside of Invethic's fiduciary duty as an investment advisor.

Model Risk - Model risk is the risk of loss resulting from using models to make decisions. This risk not only includes the risk of accuracy of the models themselves but the underlying assumptions of the models. Invethic uses several types of models used in the creation of investment advice and used to power portfolio management tools for clients.

Invethic uses an asset allocation model to translate a client's risk aversion into an asset allocation as well as a tax-loss harvesting model to inform optimal moments to tax-loss harvest. While Invethic has made reasonable and comprehensive efforts to ensure the models are grounded in generally accepted theory and implemented accurately and comprehensively, Invethic does not guarantee that the models won't produce asset allocations or harvesting events that are sub-optimal. In addition, the models rely on assumptions about expected returns, volatilities and correlations of both equities and bonds. Such statistical assumptions are based on observations from past history and may prove to be incorrect on a forward basis. Once again, Invethic does not guarantee that the underlying model inputs won't produce asset allocations and harvesting events that are sub-optimal. Clients should always be aware that past performance does not guarantee or even imply future results.

Liquidity Risk – In the context of Invethic's services, liquidity risk refers to the likelihood that Invethic will not be able to procure or liquidate for clients the desired quantity of securities at market prices or in a reasonable time frame. During events of financial turmoil or periods of high investor demand, the available supply or demand of securities may be limited to the

point where all desired transactions are not able to be executed in a reasonable time frame or at market prices. Invethic does not guarantee any specific settlement price or timeframe to when securities trades will clear on behalf of clients. Invethic does make a best effort to provide ETF securities that are a priori known to be highly liquid and backed by high credit quality entities.

Credit Risk – Clients are exposed to certain financial intermediaries such as brokers, ETF providers or individual equity or bond securities that have the potential to experience an adverse credit event such as a ratings downgrade or insolvency event that may impact their ability to provide uninterrupted service, protect client assets or provide continuous value to clients. While Invethic has made a best effort to partner with brokers and ETF providers that a priori exhibit a high degree of financial strength, Invethic cannot guarantee that Invethic's financial intermediaries won't be subject to an adverse credit event at some point in the future which may affect a client's assets.

Legislative Risk - Invethic does not guarantee that future tax law will not limit or curtail the ability to offset capital gains and ordinary income with capital losses or will not in some other manner affect the ability of clients to participate in Invethic's current portfolio management strategies.

Tax Risk - Invethic makes no guarantee that tax rates will not change to the disadvantage of clients and does not guarantee that Invethic's tax-loss harvesting feature won't result in a negative tax outcome in lieu of such changes.

Invethic's tax-loss harvesting feature may produce an adverse outcome should the client have taxable assets unaccounted for outside of the Invethic platform which realize gains or losses. In addition, clients with holdings outside the Invethic platform are responsible for ensuring that the purchase and sale of securities does not violate the IRS Wash Sale rule (see IRS Publication 550)

Clients should not take any claims made by Invethic regarding tax-avoidance as legal or tax advice and should consult legal counsel or a tax advisor to ensure Invethic's tax avoidance features are applicable to their situation. Invethic's tax-loss harvesting strategy was not developed to be used by, and it cannot be used by, any investor to avoid penalties or interest.

When Invethic replaces investments with "similar" investments as part of the tax-loss harvesting strategy, it is a reference to investments that are expected, but are not guaranteed, to perform similarly and that might lower an investor's tax bill while maintaining a similar expected risk and return on investor's portfolio. Invethic does not guarantee that "similar" investments will perform as well or exhibit risk characteristics similar to a replaced security.

It is the responsibility of each client to notify Invethic of specific Restricted Securities you are prohibit investing in. If you instruct Invethic not to purchase certain Restricted Securities, Invethic will select an alternate Security to purchase on your behalf. You shall notify Invethic

immediately if you consider any investments recommended or made for the Account to violate such restrictions.

Country Risk, including Political Risk, Sovereign Risk, Exchange Rate Risk, Transfer Risk –

Investors in equities of foreign companies or bonds may be exposed to a variety of additional risks. These risks may include but are not limited to change in composition of government, military coup or uprising, change in regulations related to foreign-exchange regulations or central bank policy, or natural disaster event affecting a specific country or group of countries. Additionally, investments denominated in foreign currency may be subject to exchange rate risk or transfer risk if change in government policy or adverse liquidity movements cause the market for foreign currency to evaporate. In addition, regulatory requirements of foreign markets such as for accounting and financial reporting may not be as strict as those enforced domestically and may incite looser corporate governance policies.

Inflation, Currency and Interest Rate Risk – Macroeconomic phenomena such as inflation, currency movements and changes in interest rates all may contribute to variations in both equity and bond prices. Inflation may more adversely affect bonds which pay a fixed interest rate should inflation rise and the real interest rate of the bonds declines. Rises in interest rates may also adversely affect the value of bonds as current bonds become less attractive from a yield standpoint compared to new issues. Both inflation and fluctuations in the value of domestic currency may erode the purchasing power of the domestic currency.

Item 9 – Disciplinary Information

We do not have any legal or disciplinary item to report to clients.

Item 10 - Other Financial Industry Activities and Affiliations

Invethic utilizes an external broker to effect transactions on behalf of our Clients. Invethic has entered into a fully disclosed brokerage agreement with APEX Clearing Corporation.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

As a registered investment advisor, Invethic's fiduciary duty to clients mandates that we put the interests of all of our clients ahead of our own.

By virtue of our business model, Invethic holds high ethical standards as paramount above all else not only for the investments we recommend to clients, but for our employees and standards of practice as well. To that end, Invethic has adopted the CFA Institute Code of Ethics and Standards of Professional Conduct as our primary code of ethics for all employees. Such code of ethics mandates that every Invethic employee:

- Act with integrity, competence, diligence, respect and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- Promote the integrity and viability of the global capital markets for the ultimate benefit of society.
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

Each Invethic employee must sign a code of ethics pledge before commencement of employment.

Invethic employees may personally invest in securities made available within the Invethic platform and are encouraged to do so. Invethic employees may also buy or sell specific securities for their own accounts that are not purchased or sold for clients. Invethic monitors the securities transactions of all Supervised Persons and investigates any unusual patterns that it detects. It also requires all Supervised Persons to report any violations of the Statement promptly to Invethic's Chief Compliance Officer. Because Invethic adheres to the CFA Institute Code of Ethics and Standards of Professional Conduct, employee trades will be

treated as normal client trades and will not be given preferential treatment over non-employee client orders.

Item 12 - Brokerage Practices

Invethic utilizes an external broker to effect transactions on behalf of our clients. Invethic has entered into a fully disclosed brokerage agreement with APEX Clearing Corporation to provide trading, execution and clearing services for Invethic clients. APEX Clearing Corporation was selected mainly due to their track record of providing best execution and pricing for trades as well as a user friendly account management back end and API system.

Invethic always seeks best execution for client transactions within the constraints of Invethic's business model and potential for volume. Invethic, from time-to-time will examine market prices for trading and execution services and evaluate our existing brokerage arrangement against current market offerings and may enter into new brokerage arrangements at Invethic's discretion and without notifying each client. Note that "best execution" refers not exclusively to lowest transaction cost for trades but overall systematic execution including liquidity and timing constraints and other intangible factors related to the broker's ability to conduct business.

Invethic does not participate in "soft dollar" quid-pro-quo activities of any kind including for procurement of research. While Invethic has entered into a business arrangement to procure Socially Responsible Investing research, such research was selected based solely on cost, robustness, integrity and comprehensiveness of the dataset and the technological capabilities of the research provider. Invethic does not use client commissions for referrals or special brokerage arrangements of any kind.

In the interest of achieving superior pricing and execution of trades, Invethic may aggregate orders for a client's account with orders of other clients. Invethic may aggregate securities sale and purchase orders for a client with similar orders being made contemporaneously for other client Accounts. In such event, the average price of the securities purchased or sold in such a transaction may be allocated in an equitable manner across all clients with no preference given to any specific client. As a result, however, the price may be less favorable to the client than it would be if similar transactions were not being executed concurrently for other accounts.

Item 13 - Review of Accounts

Due to the nature of Invethic's automated platform and the nature behind periodic automated rebalancing and tax-loss harvesting, client accounts and financial plans are under daily review for rebalancing and tax-loss harvesting opportunities. In regards to changes in a client's financial situation that may affect their financial plan, Invethic periodically queries clients to update any information that may affect their financial plan, however responsibility to update this information on a timely basis rests with the client and is not the responsibility of Invethic. These queries are general sent quarterly.

Invethic provides real-time (daily) account information regarding market value of assets and account positions. Information may also be periodically disseminated through emails.

Item 14 - Client Referrals and Other Compensation

Invethic has no formal arrangement with external business entities regarding client referrals. Invethic may enter into advertising arrangements with external business entities to which the contractual terms specify a pay-per-click or similar form of compensation, however such payments are not directly linked to whether clients sign up for an account at Invethic.

Invethic may from time-to-time run promotions in an attempt to incentivize clients to open and maintain accounts with us. Such promotions may take the form of additional client services or reduced or eliminated asset management fees.

Item 15 - Custody

Invethic does not maintain custody of client assets, instead delegating that duty to our broker partner as specified in Item 12. Our broker partner will provide each client with monthly account statements and trade confirmations that are accessible through Invethic's website's client portal. Each client should carefully review this information and compare it with information provided by Invethic when they are evaluating Account performance, securities holdings, and transactions. While Invethic does attempt to reconcile all transactional data within our system with our broker partner, clients should treat the information provided by the broker as prevailing.

Item 16 - Investment Discretion

Invethic requires that a client agreement be completed by a client who decides to retain Invethic as her investment advisor. Under the terms of the client agreement, Invethic assumes full discretionary trading and investment authority over the client's assets held with the Broker. This means that Invethic 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 client agreement can be found in Items 4 and 7, above.

Item 17 - Voting Client Securities

Due to Invethic's focus on socially responsible investing and client choice, we allow clients the ability to electronically vote their proxies individually. In the event that a proxy is not submitted by the client, Invethic retains discretionary authority to vote client proxies in any manner in which Invethic sees fit. Generally speaking, Invethic votes proxies in accordance with generally accepted socially responsible investing principles in order to encourage companies to promote strong environmental, social and governance policies, however Invethic does not guarantee any particular voting outcome in regards to its proxy voting selections. Additionally, given the inherent lack of consensus and controversy surround specific socially responsible investing principles (e.g. alcoholic beverage companies, nuclear energy, etc.), Invethic does not guarantee that its voting practices will necessarily be consistent with those of all of its clients.

Invethic 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 Invethic voted a client's proxies, and clients may request a copy of the firm's proxy policies and procedures by sending an electronic message to Invethic through Invethic's website.

Item 18 - Financial Information

Invethic 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.



Invethic

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Form ADV Part 2B

Client Brochure Supplement

Last Updated: 7/3/2015

This Brochure Supplement provides information about certain Invethic employees listed below that supplements the Invethic Client Brochure you should have received above. Please contact Invethic using our web support form located on our website www.invethic.net if you did not receive Invethic's Brochure or if you have any questions about the contents of this Brochure Supplement.

Anthony Schmitz, born 1985

Education

M.S., Georgia Institute of Technology, 2009

B.S., Georgia Institute of Technology, 2007

CFA Charterholder, Obtained 2015

Past Experience

2014-2015, Sr. Financial Analyst, NRG Energy

2010-2014, [various] ending in Analyst, NERA Economic Consulting

Supervision

Anthony serves as Chief Executive Officer of Invethic LLC and is thus not subject to additional supervision.

Background

Anthony has been an avid hobbyist financial advisor providing investment advice to family, friends and colleagues for over 13 years. His professional experience has focused on optimization and artificial intelligence supporting sophisticated financial modeling techniques and forecasting for large utilities in the United States and internationally. Anthony is fluent in a wide variety of programming languages and statistical modeling techniques and has a track record of developing commercial-grade software for clients and employers. Anthony is the chief architect behind the development of the Invethic platform.

Matthew Chappell, born 1985

Education

M.S., Georgia Institute of Technology, 2009

B.S., Georgia Institute of Technology, 2008

Past Experience

2014-2015, Senior Engineer, Motorola Solutions

2011-2014, Engineer II, EchoStar Corp.

2010-2011, Engineer II, Boeing

2009, Design Engineer, Apple Inc.

Supervision

Matthew serves as an Associate to Invethic and is thus subject to supervision under Mr. Schmitz.

Background

Matthew provides software engineering expertise to Invethic. Matthew's past experience includes software engineering and hardware design for several large technology companies including Motorola, EchoStar, Boeing and Apple Computer where he served as a design engineer for the iPhone 4.