



# Guideline

## Guideline Investments, L.L.C. Firm Brochure - Form ADV Part 2A

Updated: November 20, 2015

*This brochure provides information about the qualifications and business practices of Guideline Investments, L.L.C.. If you have any questions about the contents of this brochure, please contact us at (415) 805-2228 or by email at: [legal@guideline.com](mailto:legal@guideline.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. Registration does not imply a certain level of skill or training.*

*Additional information about Guideline Investments, L.L.C. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Guideline Investments, L.L.C.'s CRD number is: 281515.*

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## **ITEM 2: MATERIAL CHANGES**

This brochure is dated November 20, 2015. The date of the last brochure was September 28, 2015. The following material changes are reflected in this brochure amendment:

- Guideline's email address was changed to [legal@guideline.com](mailto:legal@guideline.com).
- In sections 5(a) and 5(b), language regarding Asset-Based Portfolio Management fees were removed.
- In section 5(a), annual and participant fee information was added, and the termination notice was amended from 30 days to 60 days.
- In section 5(b), payment of fees was amended to reflect payment by electronic funds transfer.
- In sections 8(a) and 8(b), language regarding quantitative analysis and quantitative model risk were removed.

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## **ITEM 4: ADVISORY BUSINESS**

### **A. Description of the Advisory Firm**

Guideline Investments, L.L.C. (hereinafter “Guideline”) is a Limited Liability Company organized in the State of California.

The firm was formed in September 2015, and the principal owner is Guideline Technologies, Inc.

### **B. Types of Advisory Services**

#### ***Pension Consulting Services***

Guideline offers ongoing consulting and plan administration services to pension or other employee benefit plans (including but not limited to 401(k) plans) based on the demographics, goals, objectives, time horizon, and/or risk tolerance of the plan’s participants. The term, “client,” as used herein, is intended to refer to pension and employee benefit plan sponsors or plan participants, where applicable.

#### ***Portfolio Management Services***

Guideline offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Guideline creates investment profiles to guide its management of each client’s portfolio, which takes into account a client’s current situation (income, age, and risk tolerance levels) and includes a plan to aid in the selection of a portfolio that matches each client’s specific situation. Portfolio management services include, but are not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |

Guideline evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the client’s online dashboard.

Guideline seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of Guideline’s economic, investment or other financial interests. To meet its fiduciary obligations, Guideline attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, Guideline’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is Guideline’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

### ***Services Limited to Specific Types of Investments***

Guideline generally limits its investment advice to mutual funds, and primarily recommends passively managed funds to a majority of its clients. Guideline may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

Guideline will tailor a program for each individual client. This will include an online interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by Guideline on behalf of the client. Guideline will utilize existing financial data and qualitative questions and answers to provide investment advice to clients. Guideline may use "model portfolios" together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. Guideline does not participate in any wrap fee programs.

### **E. Assets Under Management**

Guideline has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$0	\$0	November 20, 2015

## **ITEM 5: FEES AND COMPENSATION**

### **A. Fee Schedule**

#### ***Fixed Pension Consulting Services Fees***

The rate for creating client pension consulting plans is \$500, with an annual plan maintenance fee of \$500 after the first year. This service may be canceled with 60 days' notice.

An additional monthly fee of between \$6 and \$25 applies per employee in the pension/plan, with a two-employee minimum. The final fee schedule will be attached as Exhibit II of the plan agreement.

#### ***Fees Charged to Plan Participants***

Guideline may charge plan participants fees associated with distributions after termination, RMD, hardship withdrawals, other in-service withdrawals, QDRO, loans, or in other circumstances pursuant to plan agreements.

### **B. Payment of Fees**

#### ***Payment of Fixed Pension Consulting Services Fees***

All fees are paid via electronic funds transfer. Pension consulting and administration fees are paid in arrears upon completion.

#### ***Payment of Fees Charged to Participants***

Fees charged to participants are collected at the time of service (e.g. when a qualifying distribution or withdrawal is taken from the account).

### **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Guideline. Please see Item 12 of this brochure regarding broker-dealer/custodian.

### **D. Prepayment of Fees**

Guideline collects its fees in arrears. It does not collect fees in advance.

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither Guideline nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Guideline does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **ITEM 7: TYPES OF CLIENTS**

Guideline generally provides advisory services to the following types of clients:

- Pension and Profit Sharing Plans
- Individuals
- High-Net-Worth Individuals

### ***Minimum Account Size***

There is no account minimum for any of Guideline's services.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

Guideline's methods of analysis include modern portfolio theory.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

#### ***Investment Strategies***

Guideline uses long term trading.

***Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.***

### **B. Material Risks Involved**

#### ***Methods of Analysis***

**Modern Portfolio Theory** assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an



investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### ***Investment Strategies***

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

***Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.***

### **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

***Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.***

## **ITEM 9: DISCIPLINARY INFORMATION**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

**C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

**ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

**A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither Guideline nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

**B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither Guideline nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

**C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Carol B. Ho is a lawyer and from time to time, may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. Guideline always acts in the best interest of the client and clients are in no way required to utilize the services of any representative of Guideline in connection with such individual's activities outside of Guideline.

Nicolle Chou-Wen Willson is an independent licensed insurance agent, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. Guideline always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of Guideline in connection with such individual's activities outside of Guideline.

**D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

Guideline does not utilize nor select third-party investment advisers. All assets are managed by Guideline management.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Code of Ethics**

Guideline has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Guideline's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

Guideline does not recommend that clients buy or sell any security in which a related person to Guideline or Guideline has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of Guideline may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Guideline to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. Guideline will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of Guideline may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Guideline to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, Guideline will never engage in trading that operates to the client's disadvantage if representatives of Guideline buy or sell securities at or around the same time as clients.

## **ITEM 12: BROKERAGE PRACTICES**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on Guideline's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the

most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent.

Guideline will require clients to use Benefit Trust Company as a custodian.

**1. *Research and Other Soft-Dollar Benefits***

While Guideline has no formal soft dollars program in which soft dollars are used to pay for third party services, Guideline may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). Guideline may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and Guideline does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. Guideline benefits by not having to produce or pay for the research, products or services, and Guideline will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that Guideline's acceptance of soft dollar benefits may result in higher commissions charged to the client.

**2. *Brokerage for Client Referrals***

Guideline receives no 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***

Guideline will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

**B. *Aggregating (Block) Trading for Multiple Client Accounts***

Guideline does not trade clients' accounts and therefore does not have the ability to block trade purchases across accounts.

**ITEM 13: REVIEWS OF ACCOUNTS**

**A. *Frequency and Nature of Periodic Reviews and Who Makes Those Reviews***

All client accounts for Guideline's advisory services provided on an ongoing basis are reviewed at least annually by Nicolle C. Willson, Senior Financial Advisor, with regard to clients' respective investment policies and risk tolerance levels. All accounts at Guideline are assigned to this reviewer.

## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, or disability).

## **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of Guideline's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. Guideline will also provide at least quarterly a separate written statement to the client.

# **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

## **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Guideline does not receive any economic benefit, directly or indirectly from any third party for advice rendered to Guideline's clients.

## **B. Compensation to Non – Advisory Personnel for Client Referrals**

Guideline may enter into written arrangements with third parties to act as solicitors for Guideline's investment management services. Solicitor relationships will be fully disclosed to each Client to the extent required by applicable law. Guideline will ensure each solicitor is exempt, notice filed, or properly registered in all appropriate jurisdictions. All such referral activities will be conducted in accordance with Rule 206(4)-3 under the Advisers Act, where applicable.

# **ITEM 15: CUSTODY**

Guideline does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the client's custodian. Clients will receive account statements from the custodian and should carefully review those statements for accuracy.

# **ITEM 16: INVESTMENT DISCRETION**

Guideline exercises discretionary trading authority pursuant to its client agreements, which enables Guideline to buy, sell, and specify the amount of securities in a client's account without first obtaining the client's specific consent. This authority is limited to the transfer or exchange of client funds between asset classes within mutual fund families, ETFs, and/or other securities agreed to by the client in accordance with the client's selected investment strategy. This discretion does not extend to clients who have created a custom portfolio.

## **ITEM 17: VOTING CLIENT SECURITIES (PROXY VOTING)**

Guideline will accept voting authority for client assets invested in mutual funds. For individual stocks, clients may receive proxies directly from the issuer of the security or the custodian. clients should direct all proxy questions to the issuer of the security.

## **ITEM 18: FINANCIAL INFORMATION**

### **A. Balance Sheet**

Guideline neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither Guideline nor its management has any financial condition that is likely to reasonably impair Guideline's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

Guideline has not been the subject of a bankruptcy petition in the last ten years.