

# Human Interest Advisors LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Human Interest Advisors LLC. If you have any questions about the contents of this brochure, please contact us at (415) 523-0405 or by email at: [contact@captainadvisors.com](mailto:contact@captainadvisors.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 Human Interest Advisors LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Human Interest Advisors LLC's CRD number is: 269875.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

Human Interest Advisors LLC has the following material changes to report. Material changes relate to Human Interest Advisors LLC's policies, practices or conflicts of interests.

- Captain Advisors LLC has undergone a corporate name change to Human Interest Advisors LLC. The parent company has also undergone a corporate name change from Captain401 Inc. to Human Interest Inc.
- Human Interest Advisors LLC now compensates solicitors.
- Human Interest Advisors LLC has updated client referrals and other compensation (Item 14).

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## **Item 4: Advisory Business**

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

Human Interest Advisors LLC (hereinafter “Human Interest Advisors”) is a Limited Liability Company organized in the State of Delaware. The firm was formed in June 2015 and is a wholly owned subsidiary of Human Interest Inc.

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

Human Interest Advisors provides investment advisory and pension consulting services to employer-sponsored qualified retirement savings plans and their plan sponsors and participants. Our investment advice is performed through an interactive website in which computer software-based models provide investment advice based on personal information each client submits through the website.

Human Interest Advisors offers its investment advice on a discretionary or non-discretionary basis. Through our interactive website, we give participants individualized advice on the appropriateness of the investment options available in their plan and help them select and monitor an appropriate investment allocation based on their goals, time horizon, and risk tolerance. Through our interactive website, we may also help plan sponsors develop an Investment Policy Statement and/or help select and monitor the investment options available in their plan, including the selection of qualified default investment alternatives. Such default investment alternatives may include custom portfolios built and managed using our proprietary software-based models.

When discretionary advice is performed, Human Interest Advisors will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction.

Our services may be provided as either an ERISA Section 3(21) advisor or an ERISA Section 3(38) advisor, in accordance with ERISA Sections 3(21)(A)(ii) or 3(38)(B)(i).

Human Interest Advisors seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of Human Interest Advisors’ economic, investment or other financial interests. To meet its fiduciary obligations, Human Interest Advisors attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, Human Interest Advisors’ 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 Human Interest Advisors’ 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

Human Interest Advisors generally limits its investment advice to mutual funds and ETFs. Human Interest Advisors may use other securities as well to help diversify a portfolio when applicable.

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

Human Interest Advisors offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, time horizon, and risk tolerance levels). 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. Human Interest Advisors does not participate in any wrap fee programs.

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

Human Interest Advisors has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$180,225,214.00	\$31,559,974.00	September 2018

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

### **A. Fee Schedule**

Fees for Human Interest Advisors' investment advisory services are generally charged as a percentage of total assets under management of up to 0.40% annually.

These fees are generally negotiable and the final fee schedule is included in the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of Human Interest Advisors' fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

Human Interest Advisors uses the closing daily balance in the client's account at the end of each quarterly billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

The client's third-party custodian charges an additional fee of up to 0.10% annually.

Fees for Human Interest Inc.'s web-based services for the setup and administration of defined contribution plans are generally charged as a monthly subscription fee of \$120/month plus \$4/month per employee. A setup fee of up to \$499 may also apply. These fees are generally negotiable and the final fee schedule is included in Human Interest Inc.'s Master Services Agreement.

## **B. Payment of Fees**

Fees for Human Interest Advisors' investment advisory services may be paid by the plan recordkeeper directly from plan assets, accounts or investments, or paid directly by the plan sponsor. Alternatively, fees may be withdrawn directly from the client's accounts with client's written authorization. Fees are paid on a quarterly basis in arrears, unless paid directly by the plan sponsor, in which case fees are paid on a monthly basis in arrears.

Fees for Human Interest Inc.'s web-based services for the setup and administration of defined contribution plans are paid directly by the plan sponsor on a monthly basis.

## **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 Human Interest Advisors. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

Human Interest Advisors collects its fees in arrears. It does not collect fees in advance.

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

Neither Human Interest Advisors 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**

Human Interest Advisors 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**

Human Interest Advisors generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Corporations or Business Entities

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

There is no account minimum for any of Human Interest Advisors' services.

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

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

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

Human Interest Advisors' 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***

Human Interest Advisors 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 Human Interest Advisors 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 Human Interest Advisors 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**

Roger Lee is CEO of Human Interest Inc. (the parent company). From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. Human Interest Advisors LLC always acts in the best interest of the client and clients are in no way required to the services of any representative of Human Interest Advisors LLC in connection with such individual's activities outside of Human Interest Advisors LLC.

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

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

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

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

Human Interest Advisors 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. Human Interest Advisors' Code of Ethics is available free upon request to any client or prospective client.

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

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

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

From time to time, representatives of Human Interest Advisors may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Human Interest Advisors 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. Human Interest Advisors 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 Human Interest Advisors may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Human Interest Advisors 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, Human Interest Advisors will never engage in trading that operates to the client's disadvantage if representatives of Human Interest Advisors 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**

In order to facilitate trading through Human Interest Advisors' platform, clients must use a custodian that Human Interest Advisors supports.

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

Human Interest Advisors receives no research, product, or services other than execution from broker-dealers or custodians in connection with client securities transactions ("soft dollar benefits").

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

Human Interest Advisors 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***

Human Interest Advisors may permit clients to direct it to execute transactions through a specified broker-dealer. If a client directs brokerage, then the client will be required to acknowledge in writing that the client's direction with respect to the use of brokers supersedes any authority granted to Human Interest Advisors to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

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

Human Interest Advisors does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

## **Item 13: Reviews of Accounts**

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

All client accounts for Human Interest Advisors' advisory services provided on an ongoing basis are reviewed at least annually by Roger Lee, Manager with regard to clients' respective investment policies and risk tolerance levels. All accounts at Human Interest Advisors 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, physical move, or inheritance).

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

Each client of Human Interest Advisors' 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.

## **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)**

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

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

Human Interest Advisors, via written arrangement, retains third parties to act as solicitors for the firm's investment advisory services. All compensation with respect to the foregoing will be fully disclosed to each client, in compliance with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, to the extent required by applicable law.

Human Interest Advisors also offers existing clients reduced and/or waived fees for referring prospective clients to the firm.

These arrangements may create an incentive for a third party or existing client to refer prospective clients to Human Interest Advisors, even if the third party would otherwise not make the referral. Clients will not be charged an amount in excess of the amount that normally would be charged by Human Interest Advisors for similar investment advisory services.

### **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, Human Interest Advisors will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

### **Item 16: Investment Discretion**

Human Interest Advisors provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted by participants, Human Interest Advisors generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. Where investment discretion has been granted by plan sponsors, Human Interest Advisors has authority to select and replace the investment options in the plan.

### **Item 17: Voting Client Securities (Proxy Voting)**

Human Interest Advisors will not ask for, nor accept voting authority for client securities. Clients will 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**

Human Interest Advisors 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 Human Interest Advisors nor its management has any financial condition that is likely to reasonably impair Human Interest Advisors' ability to meet contractual commitments to clients.

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

Human Interest Advisors has not been the subject of a bankruptcy petition in the last ten years.