



FIRM BROCHURE FORM ADV PART 2A

Ethic Inc.

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Version Date: 01 June 2018

Purpose

This brochure provides information about the qualifications and business practices of Ethic Inc. If you have any questions about the contents of this brochure, please contact us at (310) 869-7232 or by email at: support@weareethic.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 Ethic Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. Ethic Inc.'s CRD number is: 282827. Registration does not imply a certain level of skill or training.

Item 2: Material Changes

Ethic, Inc. filed its annual updating amendment on March 22, 2018.

This ADV 2A is being updated to reflect Ethic's primary business office address in New York, NY and phone number.

Additionally, Ethic's ADV 2A is being updated to reflect changes to Item 4.C. (Client Tailored Services and Client Imposed Restrictions) and Item 13 (Review of Accounts).

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Item 4: Advisory Business

A. Description of the Advisory Firm

Ethic Inc. (hereinafter “Ethic”) is a Corporation organized in the State of California and located in the State of New York. The firm was formed in January 2015, and the principal owners are Douglas Scott and Jordan Lipman.

B. Types of Advisory Services

Portfolio Management Services

Ethic offers ongoing portfolio construction and management services based on the investment objectives and risk tolerance of each client. Portfolio construction and management services include, but are not limited to, the following:

- Investment strategy
- Asset and security selection
- Regular portfolio monitoring
- Asset allocation
- Risk tolerance

Ethic will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction.

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

Sub-advisor Services

Ethic may also act as a sub-adviser to advisers unaffiliated with Ethic. These third-party advisers would outsource portfolio management services to Ethic. This relationship will be memorialized in each contract between Ethic and the third-party adviser.

Services Limited to Specific Types of Investments

Ethic generally limits its investment portfolios to fixed income securities, equities and non-U.S. securities, although Ethic primarily utilizes equities. Ethic may use other securities as well to help diversify a portfolio when applicable.

C. Client Tailored Services and Client Imposed Restrictions

Clients input their preferences via the online portfolio construction engine (sustainability and financial preferences). Portfolios are then managed on an ongoing basis through the Ethic investment platform. Portfolios are monitored and maintained in line with such client preferences.

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. Ethic does not participate in any wrap fee programs.

E. Assets Under Management

Ethic has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$5,278,602	\$0	December 31, 2017

Item 5: Fees and Compensation

A. Fee Schedule

Portfolio Management Fees

Total Assets Under Management	Annual Fees
All Assets	0.30%

Ethic uses an average of the daily balance in the client's account throughout the 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.

These fees are generally negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of Ethic's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 7 days' written notice.

Sub-adviser Services Fees

Ethic may also act as a sub-adviser to unaffiliated third-party advisers and Ethic would receive a share of the fees collected from the third-party adviser's client. The fees charged will not exceed any limit imposed by any regulatory agency. The notice of termination requirement and payment of fees for sub-adviser services will depend on the specific third-party investment adviser engaging Ethic as sub-adviser. This relationship will be memorialized in each contract between Ethic and each third-party adviser.

B. Payment of Fees

Payment of Portfolio Management Fees

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis. Fees are paid in arrears.

Payment of Sub-adviser Fees

Sub-adviser fees may be withdrawn from clients' accounts or clients may be invoiced for such fees, as disclosed in each contract between Ethic and the applicable third-party adviser.

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 Ethic. Please see Item 12 of this brochure regarding broker-dealer/custodian.

D. Prepayment of Fees

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

E. Outside Compensation For the Sale of Securities to Clients

Neither Ethic nor its supervised persons accept any compensation for the sale of 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

Ethic 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

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

- | | |
|-------------------------------------|------------------------------|
| ❖ Individuals | ❖ High-Net-Worth Individuals |
| ❖ Banks and Thrift Institutions | ❖ Investment Companies |
| ❖ Business Development | ❖ Pooled Investment Vehicles |
| ❖ Pension and Profit Sharing Plans | ❖ Charitable Organizations |
| ❖ Corporations or Business Entities | ❖ Other Investment Advisers |

There is a \$150,000 account minimum for Ethic's services, however Ethic reserves the right to waive this account minimum at its discretion.

Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss

A. Methods of Analysis and Investment Strategies

Methods of Analysis

Ethic's methods of analysis is centered around Quantitative analysis.

Quantitative analysis is an approach that incorporates a number of factors and statistical methods to manage the portfolio's expected risk and return. Ethic manages these quantitative strategies with the support of third party quantitative data sources and providers.

Investment Strategies

Ethic uses long term trading.

B. Material Risks Involved

Methods of Analysis

Quantitative analysis Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

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.

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.

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

Non-U.S. securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

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 Ethic 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 Ethic 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

Neither Ethic nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

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

Ethic does not select third-party investment advisers.

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

A. Code of Ethics

Ethic 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. Ethic's Code of Ethics is available free upon request to any client or prospective client.

B. Recommendations Involving Material Financial Interests

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

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of Ethic may buy or sell securities for themselves that are also utilized in client portfolios. This may provide an opportunity for representatives of Ethic to buy or sell the same securities before or after purchasing the same securities for clients resulting in representatives profiting off client transactions. Such transactions may create a conflict of interest. Ethic 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 Ethic may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Ethic to buy or sell securities before or after purchasing the same securities for clients resulting in representatives profiting off client transactions. Such transactions may create a conflict of interest; however, Ethic will never engage in trading that operates to the client's disadvantage if representatives of Ethic 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 Ethic'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, and Ethic may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in Ethic's research efforts. Ethic will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

Ethic recommends Interactive Brokers LLC.

Research and Other Soft-Dollar Benefits

While Ethic has no formal soft-dollars program in which soft dollars are used to pay for third-party services, Ethic may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). Ethic 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 Ethic does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. Ethic benefits by not having to produce or pay for the research, products or services, and Ethic will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that Ethic's acceptance of soft dollar benefits may result in higher commissions charged to the client.

Brokerage for Client Referrals

Ethic receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

Clients Directing Which Broker/Dealer/Custodian to Use

Ethic 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 Ethic to select brokers; this direction may result in higher commissions, which may result in a disparity between

free and directed accounts; the client may be unable to participate in block trades (unless Ethic is able to engage in “step outs”); 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

If Ethic buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, Ethic would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. Ethic would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

Item 13: Review of Accounts

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

All client accounts for Ethic's advisory services provided on an ongoing basis are reviewed periodically by Jordan J Lipman, Chief Compliance Officer, with regard to clients' respective investment policies and risk tolerance levels. All accounts at Ethic are assigned to this reviewer.

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

Non-periodic reviews are only performed if there is a question as to whether a client's account is being managed in line with the selected inputs.

C. Content and Frequency of Regular Reports Provided to Clients

Clients receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report is prepared by 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)

Ethic receives compensation via its arrangement with its underlying sub-advisers, but otherwise does not receive any economic benefit from any other third party for advice rendered to Ethic's clients.

B. Compensation to Non-Advisory Personnel for Client Referrals

Ethic may enter into written arrangements with third parties to act as solicitors for Ethic's investment management services. Solicitor relationships will be fully disclosed to each Client to the extent required by applicable law. Ethic 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

When advisory fees are deducted directly from client accounts at client's custodian, Ethic will be deemed to have limited custody of client's assets solely for this purpose 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

Ethic provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, Ethic 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. In some instances, Ethic's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to Ethic).

Item 17: Voting Client Securities (Proxy Voting)

Ethic will not ask for, nor accepts 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

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

C. Bankruptcy Petitions in Previous Ten Years

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