



**Form ADV Part 2A  
Firm Brochure  
October 16, 2018**

This brochure provides information about the qualifications and business practices of MyScout PBC. If you have any questions about the contents of this brochure, please contact us at

[info@gomyscout.com](mailto:info@gomyscout.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 MyScout PBC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

## **MyScout PBC**

5323 Levander Loop, #112  
Austin, TX 78702  
Phone: 844-997-2688  
[info@gomyscout.com](mailto:info@gomyscout.com)  
[www.gomyscout.com](http://www.gomyscout.com)

## ITEM 2

# Material Changes

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of our Firm Brochure. This Item discusses only specific material changes that are made to this Brochure and provides our clients with a summary of such changes.

### Material Changes since the Last Update

MyScout PBC is a newly registered investment advisory firm in 2018. We have the following material changes to report since becoming registered:

- MyScout has added another level of service for clients in need of more than two custodial accounts; and
- MyScout's custodian is now Folio Institutional.

### Full Brochure and Additional Information

Full Brochure and additional information about MyScout PBC are available via the Securities and Exchange Commission's ("SEC") website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with us who are registered or are required to be registered, as investment adviser representatives ("IAR").

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## Advisory Business

### Firm Information

MyScout PBC (“MyScout,” “we,” “us,” “our”), is a registered investment advisory firm located in Austin, Texas.

MyScout is a limited liability company formed in January 2018. MyScout converted to a for-profit Public Benefits Corporation (PBC) in June 2018.

As a PBC and as stated in MyScout’s articles of incorporation, MyScout PBC promotes the following public benefits to US military services members, veterans and their families: MyScout PBC recognizes the specific challenges and needs of those who have served in the defense of our Nation’s freedoms and values. We are committed to helping them take control of their financial future. We will accomplish this by providing sound, goal-based, and risk-appropriate advice to improve financial literacy and positive habits that are enhanced by a thematic investment experience that supports the social awareness of each member and builds their wealth to ensure their financial freedom. To ensure the highest level of service and provide rewarding career opportunities, MyScout PBC Investment Advisor Representatives will exclusively come from the community that they serve.

### Principal Owners

Our primary owners and Directors are Carleton McHenry, Bradley Barker, and Robert Paiva. MyScout’s Chief Compliance Officer is Mr. McHenry.

### Investment Advisory Services

We provide web-based digital financial advice – through light, as needed, financial planning as well as investment management services to individual service members, veterans and their immediate family members. We provide our services over the internet except for very special and unique circumstances. Our goal is to provide our clients with investment advisory services utilizing the ease of access and convenience of the internet along with the human touch similar to traditional investment advisory firms.

Our online services are offered through three packages: Guided, Managed, and Family. One may choose the package that best suits their needs and the level of service they desire. All packages are provided to clients regardless of investment account size and may include investment recommendations in securities such as mutual funds, stocks, bonds, exchange-traded funds (ETFs), Real Estate Investment Trusts (REITs), options as well as other securities.

### Guided Package

Our Guided package is a program designed to provide our clients with access to our wealth management platform via an online portal. Using our platform provides our clients with the ability to aggregate their financial accounts, track cash flow, input insurance policies, and add financial goals all onto the portal. They can also upload additional documents into the vault section of the portal to store important information. Once they have established their portal access and completed some questions about their investment experience, clients can create goals in the portal. We can collaborate with our clients via our instant messaging chat service (“IM”) if requested. The IM service is complimentary for all clients and may be utilized on an as-needed basis. Our clients are under no obligation to accept or follow any

recommendations made by MyScout under this package, and MyScout will not have discretion over our clients' financial assets or investment accounts at any time.

### **Managed Package**

With our Managed package, our clients will receive all of the services included in our Guided package as well as discretionary investment management services and continuous and ongoing supervision of up to two (2) custodial accounts as well as advice with their financial goals and insurance if requested. Through our online portal, we will manage our clients' investments utilizing thematic model portfolios in-line with their investment objectives, restrictions, and risk tolerance.

As indicated above, this service is available to clients regardless of account size; however, once a client's cumulative investment accounts value is greater than \$75,000, the fee structure will change from a flat monthly fee to a fee based on the value of their total investment accounts. While the fee structure will change, it is important to note that our services will not.

With our Managed package, our clients are also eligible to receive limited phone support with a MyScout representative who can provide personalized investment management and basic financial planning advice as requested. Managed package clients get ten (10) minutes of this phone support every month if needed. Any additional phone consultations will be subject to an additional charge as described in Item 5 below.

### **Family Package**

For clients needing more than two (2) custodial accounts, we have our Family Package. The Family package offers the same service as the Managed package for up to four (4) custodial accounts. Additional accounts above and beyond four (4) will be subject to an additional charge as described in Item 5 below.

### **Client Investment Objectives/Restrictions**

MyScout offers the same suite of services to all our clients; however, specific recommendations and their subsequent implementation are dependent on the responses provided by the client in their account profile and suitability questionnaire which outlines a client's current financial situation such as income, net worth and risk tolerance levels. This information is essential in the development of a client-specific plan in the selection of investments that matches risk aversion, needs, and targets. Clients are responsible for verifying the accuracy of the information they provide to us and must ensure their information is kept up to date. Clients must inform us of any changes in their situation by updating their online account profile. On a case by case basis, our clients may impose restrictions on investing in certain securities or types of securities in accordance with their values or beliefs; however, if the restrictions prevent us from properly servicing the client's account, or if the restrictions would require us to deviate from our standard suite of services provided on our platform, we reserve the right to end the relationship.

### **Wrap Fee Programs**

MyScout does not participate in, recommend, or offer wrap fee programs.

### **Assets under Management**

As of the date of this Brochure, MyScout is a newly registered investment advisory firm with the SEC and currently does not have any assets under management.

**ITEM 5**

## Fees and Compensation

MyScout is compensated for providing online investment advisory services by charging a monthly advisory fee. The below, non-negotiable fees are the standard fees charged for the packages provided by MyScout for our online services.

Guided Package Fees	
Monthly Subscription Fee	\$19.99 monthly

The monthly fee for our Managed and Family packages are dependent upon the assets managed by MyScout as indicated below:

Managed Package Fees	
Up to \$74,999.99 in AUM	\$39.99 monthly
\$75,000 + in AUM	75 bps* annually

\*One basis point ("bps") is equal to 1/100 of 1.0%

Family Package Fees	
Up to \$74,999.99 in AUM	\$59.99 monthly
\$75,000 + in AUM	75 bps* annually

\*One basis point ("bps") is equal to 1/100 of 1.0%

As a Managed or Family client, the first 10 minutes of phone support is included in the client's monthly fee; thereafter, they will be charged \$15.00 for every additional 10 minutes used in a single month. Unused phone support minutes expire every month and do not roll over.

As a Family package client, the first four (4) custodial accounts are included in the client's monthly fee; thereafter, they will be charged \$10.00 per month for every additional account.

Because we do not impose account minimums, it may be possible for our fees to be higher than the fees typically charged by other advisers for similar services.

### Fee Billing & Payment

Regardless of the package you chose, your first thirty (30) days of service will be provided free of charge. Thereafter, advisory fees for all clients with account values less than \$75,000 will be invoiced and billed directly through credit card or bank debit card while advisory fees for Managed and Family package clients with account values greater than \$75,000 will be directly deducted from the client's investment account being managed. All advisory fee payments are due by the beginning of the month.

Clients are responsible for all third-party fees (i.e., custodian fees, mutual fund fees, transaction fees, etc.). These fees are separate and distinct from the fees and expenses charged by MyScout.

### Termination of Agreement

Either party may terminate our online services by providing 30-days advance written notice.

Notwithstanding the above, if we do not deliver the appropriate disclosure statement to the client at least 48 hours prior to them entering into any written or oral advisory contract with us, then they have the right to terminate the contract without penalty within five (5) business days after entering into the contract.

### **Other Expenses and Fees**

The fees discussed above include payment solely for our investment management and financial planning services provided by us and are separate to certain fees or charges that are imposed by third parties in connection with investments made on the client's behalf for their account. Third-party fees may include markdowns, markups, brokerage commissions, asset management based fees, other transaction costs and/or custodial fees.

Also, all fees paid to us for investment management services are separate from the expenses charged by exchange-traded funds and mutual funds to their shareholders. These fees and expenses will be used to pay management fees for the funds, other fund expenses, account administration, and a possible distribution fee. Exchange traded funds and mutual funds can be invested in directly by the client without our services. However, the client would not receive our services to assist them in determining which products or services are most suitable for their financial situation and objectives. The client should review both the fees we charge and the fees charged by the fund(s) to understand the total fees to be paid.

## **ITEM 6**

### **Performance-Based Fees**

We do not charge any performance-based fees which are fees based on a share of capital gains on or capital appreciation of the client's assets.

## **ITEM 7**

### **Types of Clients Description**

We provide our investment advisory services to active duty or reserve service members and their immediate family members. We also provide our services to documented military service members, veterans and their spouses. We use a combination of publically available federal databases, paid services and, as necessary, the Department of Defense Form 214 (Certificate of Release or Discharge from Active Duty which is generally referred to as a DD 214) to qualify clients.

We do not have a minimum account size requirement for clients.

## **ITEM 8**

### **Methods of Analysis, Investment Strategies, and Risk of Loss**

#### **Methods of Analysis**

We use various methods of analysis and investment strategies. Methods and strategies will vary based on the IAR providing advice.

**Fundamental Analysis** – We evaluate economic and financial factors to determine if a security may be underpriced, overpriced or fairly priced. This method entails assessing a security by attempting to determine its intrinsic value by examining related financial, economic, and other qualitative and quantitative factors. Fundamental analysis requires an in-depth look at all factors that can affect the security's value, from macroeconomic factors (like the overall economy and industry conditions) to individually specific factors (like the financial situation and management of companies). The overall

objective of performing the fundamental analysis is to determine a value that an investor can use to determine what sort of position to take with that security. This method of security analysis is contrary to technical analysis. Fundamental analysis involves using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

**Technical Analysis** – This method involves the evaluation of securities by performing an analysis of static information that is generated by market activity, such as past prices and volume. Technical analysis does not attempt to measure a security's intrinsic value but instead, use charts and other tools to determine the patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

**Modern Portfolio Theory** - Modern portfolio theory (MPT) is a risk-averse theory that involves the construction of portfolios to maximize and optimize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward. According to the theory, it's possible to construct an "efficient frontier" of optimal portfolios offering the maximum possible expected return for a given level of risk.

### **Investment Strategies**

When formulating investment advice or managing our client's assets, our online platform will use a variety of strategies like top down, bottom up, contrarian and dividend, etc. Our client's accounts are managed separately with their underlying investment strategies, restrictions, or investment limitations defined based on their own unique situation.

### **Potential Risks**

Investing involves different levels of risk that can result in loss of any profits and/or principal the client has not realized. Our platform manages clients' accounts in a manner consistent with their pre-determined risk tolerance and suitability profile. However, we cannot guarantee that our efforts via our platform will be successful. The client should be prepared to bear the possibility of loss of their investment.

#### **Investing involves the assumption of risk including:**

**Financial Risk:** which is the risk that the companies we recommend to the client perform poorly, which affect the price of their investment.

**Market Risk:** which is the risk that the stock market will decline, decreasing the value of the securities we recommend to the client along with it.

**Inflation Risk:** which is the risk that the rate of price increases in the economy deteriorates the returns associated with the stock.

**Political and Governmental Risk:** which is the risk that the value of the client's investment will be affected by the introduction of new laws or regulations.

**Interest Rate Risk:** which is the risk that the value of the investments we recommend to the client will fall if interest rates rise.

**Default Risk:** which is the risk that issuer is unable to pay the contractual interest or principal on the investment promptly or at all.



**Manager Risk:** which is the risk that an actively managed mutual fund's investment adviser will fail to execute the fund's stated investment strategy.

**Industry Risk:** which is the risk that a group of stocks in a single industry will decline in price due to adverse developments in that industry, decreasing the value of mutual funds that are significantly invested in that industry.

## ITEM 9

# Disciplinary Information

### Regulatory and Disciplinary

As of the date of this brochure, we have not been subject to any disciplinary, legal, or regulatory events related to past or present investment clients. There has been no disciplinary, legal, or regulatory events related to us or any of our management persons.

## ITEM 10

# Other Financial Activities and Affiliations

### Financial Industry Activities

Neither MyScout nor its management persons are registered or have an application pending to register as a broker-dealer or representative of a broker-dealer.

Neither MyScout nor its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or commodity trading advisor or an associated person of such entities.

### Affiliations

Our CCO is also an owner and IAR of an affiliated registered investment advisory firm and can provide additional investment advisory services that are not available with our firm. In this role, he may earn additional fee-based compensation by providing advice to the clients of the affiliated firm. To mitigate any appearance of conflicts of interest, the services, and clients of either firm will remain separate and distinct, and clients of either firm will not be solicited to receive services of the other.

## ITEM 11

# Code of Ethics, Participation in Client Transactions and Personal Trading

### Code of Ethics

MyScout has developed a code of ethics that will apply to all of our supervised persons. We and our IARs must act in a fiduciary capacity when providing investment advisory services to the client. If no longer active duty or reserve, our IARs must demonstrate the current or documented honorable active duty service of themselves or their spouse prior to establishing a relationship with MyScout. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. MyScout has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle of our code of ethics, which also covers our insider trading, and personal securities transactions policies and procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all

federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will acknowledge that they have read, understand and agree to comply with our Code of Ethics.

Our Code of Ethics is available to clients and prospective clients upon request at [info@gomyscout.com](mailto:info@gomyscout.com).

### **Participation or Interest in Client Transactions**

Our platform may recommend securities to clients that we or our investment adviser representatives have purchased or sold for our own accounts. Any trading for personal accounts must be in accordance with our personal trading policy outlined below. In no case, will we or our investment adviser representatives place our own interests above our those of our clients. Affiliated and client accounts trading in the same securities will share execution costs equally. Completed trade orders will be allocated according to the instructions from the initial trade order. Partially filled trade orders will be allocated on a pro-rata basis. Any exceptions will be explained in the trade order.

### **Personal Trading**

Employees are permitted to have personal securities accounts as long as personal investing practices are in line with fiduciary standards and regulatory requirements, and do not conflict with their duty to MyScout and our clients. MyScout monitors and controls personal trading through pre-approval of all personal securities transactions or blackout periods imposed upon employees trading in the same securities as MyScout. We forbid any officer or employee, either personally or on behalf of others, to trade on material, nonpublic information or to communicate such information to others in violation of the law.

## **ITEM 12**

## **Brokerage Practices**

Our policies and procedures prohibit unfair trading practices and to avoid conflicts of interests, where possible, or to disclose conflicts when they arise. We will attempt to resolve conflicts when reasonably possible.

MyScout currently has arrangements with Folio Institutional ("Folio"). Folio is the custodian whereby MyScout will require Managed and Family package clients to custody accounts. Folio is an independent SEC-registered broker-dealer and a member of FINRA and SIPC.

As a fiduciary, we are obligated to seek out the best execution of our client's transactions for the accounts that we manage. In general, the execution of securities transactions are at a total cost or proceeds in each transaction and are the most favorable under the circumstances. However, we do not limit the best execution to the lowest available price. Additional factors are taken into consideration when determining the arrangement and services in the selection of a broker-dealer or qualified custodian. Our review consists of reviewing the commission and fee structures of various broker/dealers, research platform, and execution services. We periodically review and evaluate the execution services provided by our affiliated broker/dealers and qualified custodians used by us. Accordingly, while MyScout does consider competitive rates, it does not necessarily obtain the lowest possible commission rates for our client's account transactions. Therefore, the overall services provided by our affiliated broker-dealers and qualified custodians are evaluated to determine the best execution. Our clients may pay trade execution charges and higher commissions through the trading platforms approved by us than through platforms that have not been approved by us. Not all investment advisers restrict or limit the broker/dealers their

clients can use. Some investment advisers permit their clients to select any broker/dealer of the client's choosing.

We do not receive soft dollar benefits or receive client referrals from broker/dealers.

## **ITEM 13**

# **Review of Accounts**

### **Periodic Reviews**

Our clients will be provided with continuous access to their accounts via our online portal. Through the portal, they will receive current reporting information about their account status, securities positions, and balances. We will provide reviews of accounts on a periodic, as needed basis.

### **Review Triggers**

Managed and Family package accounts may receive periodic reviews to evaluate asset allocation, sector weight reports, cash balance, position count, position size, and country weight on an as-needed and as-requested basis. Account reviews for clients under the Guided package will take place only as needed and as-requested using our IM functionality. All clients may receive ad hoc reports that supplement the review process. Our CCO oversees the daily operations of the existing account review process.

### **Regular Reports**

Our clients may receive reports showing asset value by cash balances, security, unit cost, total cost, current per share values, etc. if requested. The client is urged to review any reports that MyScout provides with those provided by their custodian and notify us of any differences. Under the Managed and Family packages, upon specific client request, we may prepare written portfolio analysis and reports to satisfy the client's informational requirements as needed.

## **ITEM 14**

# **Client Referrals and Other Compensation**

We do not engage in referral relationships with vendors and/or unaffiliated third-party custodians which provide services that may include custody of securities, trade execution, and clearance and settlement of transactions.

### **Other Compensation**

We do not pay a referral fee to third party solicitors.

## **ITEM 15**

# **Custody**

### **Account Statements**

We are not a broker-dealer and do not take possession of client assets. Client assets are housed in internationally recognized brokerage firms, otherwise known as qualified custodians. We utilize Folio as our custodian. With regard to accounts utilizing our Managed or Family packages, we have a limited power of attorney to place trades on the client's behalf.

The custodian will issue monthly statements and trade confirmations directly to the client, while the account will be managed by us. The client is urged to compare any information they may receive from MyScout with the monthly statements provided by the custodian.

**ITEM 16****Investment Discretion****Discretionary Authority for Trading**

If the client is participating in the investment management services provided under our Managed or Family packages, upon receiving their written authorization via our executed online investment advisory agreement, we will maintain trading authorization over the client's designated account and may also implement trades on a discretionary basis.

When discretionary authority is granted, we will have the limited authority to determine the type of securities to be purchased, sold or exchanged and a number of securities that can be bought, sold or exchanged for the client's portfolio without obtaining their consent for each transaction.

On a case by case basis, the client may place reasonable restrictions on the types of investments that may be purchased or sold in their account so long as the restrictions are explicitly set forth or included as an attachment to the investment advisory agreement.

Services provided under our Guided package are provided on a non-discretionary basis.

**ITEM 17****Voting Client Securities****Proxy Voting**

We do not have the authority to vote proxies as it pertains to the issuers of securities held in the client's account. The responsibility for voting the client's securities places increased liability to us and does not add enough value to the services provided to the client to justify the additional compliance and regulatory costs associated with voting their securities.

Therefore, the client is responsible for voting all proxies for securities held in accounts managed by us. Typically, our qualified custodian will forward to the client their proxy information. Although we do not vote the client proxies, they can contact us if they have a question about a particular proxy.

**ITEM 18****Financial Information****Financial Condition**

We are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

We are currently not in, nor have been historically in a financially precarious situation or the subject of a bankruptcy petition.