

# Form ADV Part 2A: Disclosure Brochure

## Quiet Foundation, Inc.

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September 13, 2018

**This brochure provides information about the qualifications and business practices of Quiet Foundation, Inc.**

**If you have any questions about the contents of this brochure, please contact Quiet Foundation at (312)-300-4825. 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.**

**Quiet Foundation is registered with the United States Securities and Exchange Commission as a Registered Investment Adviser. Registration with the Securities and Exchange Commission does not imply a certain level of skill or training.**

**Additional information about Quiet Foundation is available on the SEC's website at <https://www.adviserinfo.sec.gov/IAPD>. You can search this site by a unique identifying number, known as a CRD number. Quiet Foundation, Inc. CRD Number is: 296968**

## Item 2 – Material Changes

On July 21, 2010, the U. S. Securities and Exchange Commission (the "SEC") unanimously adopted a new Form ADV Part 2. The new Part 2, also known as the "Brochure" has 18 separate items that our Firm must address, each of which requires disclosure on a distinct topic, and answers must be presented in the order of the items in the form, using the headings in the form. Our goal is to provide you with easy-to-understand "plain-English disclosure," using an easy-to-read format and definite, concrete, everyday words.

This Material Changes section will be updated annually when material changes occur since the previous release of QF's Brochure.

Our Initial Form ADV Part 2 filing was made on June 1, 2018. We have updated our Brochure, as of September 13, 2018, but have not made any material changes since the initial filing was made.

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## Item 4 – Advisory Business

As used in this brochure, the words “we,” “our,” “us,” “Quiet Foundation,” “QF,” or “Firm” refer to Quiet Foundation, Inc. and the words “you,” “your,” “participant,” “subscriber,” and “client” refer to you as either a client or prospective client of our Firm. In addition, as used in this brochure, the term “Associated Persons” refers to our officers, employees, and all individuals involved in providing services on behalf of our Firm.

### About QF

Quiet Foundation, Inc. is registered with the United States Securities and Exchange Commission as a Registered Investment Adviser and is based in Chicago, Illinois. QF was formed on February 21, 2018 as a wholly-owned subsidiary of tastytrade, Inc. (“tastytrade”, the “Parent Company”) tastytrade and its companies focus on empowering the individual investor through content, technology and know-how.

QF’s mission is to innovate the way investment advice is disseminated to individual investors. QF’s sole business line is its portfolio analysis service. We do not make investment recommendations, do not manage investment portfolios and do not offer or sell financial products. Through QF, clients are provided the data and analysis to better understand their risk, asset allocation and existing product commitments across all of their accounts that they disclosed to QF.

### Our Service in General

Our sole line of business is a new data science-driven, investment analysis service for self-directed investors. QF will offer this service built on its proprietary online platform using Exploratory Portfolio Intelligence™ (“EPI”). EPI is a combination of data science and math-driven research that provides unique risk analysis of any investment portfolio held by the Client at any financial institution. The portfolio analysis offered by QF is designed to help clients assess risk, evaluate asset allocation and existing product commitments and can be applied to any account size.

QF’s services will be limited to the client’s portfolio analysis generated by QF’s proprietary EPI and include QF’s insights on the financial and risk exposure of the client’s current portfolio of securities positions (including equity securities, exchange traded funds, exchange traded notes, and mutual funds). QF’s portfolio analysis is intended to provide a deeper insight for each client about the risk profile of the client’s portfolio, which may allow the client to make more informed investment decisions moving forward.

### Uniform Service

Despite each analysis being unique for each client's respective portfolio, QF offers the same level of service to all clients using the same EPI online platform.

### Services Provided to Clients

Each client of QF will receive service in the form of a snapshot portfolio analysis report, delivered to him or her in PDF format via the online platform.

### Client Data Entry Details

QF will perform a portfolio analysis using EPI for each client upon the client's submission of his or her positions to QF. This portfolio analysis will be conducted based on the positions each client wishes to disclose to QF for analysis.

After signing a client agreement and the proper disclosure documents, the client will be given access to a secure online portal where he or she will be able to enter the symbol and quantity of each stock, mutual fund, exchange traded note (ETN), or exchange traded fund (ETF) to be included in the analysis. Clients will be made aware of any securities that are not currently in QF's EPI and not subject to analysis.

The analysis will be conducted based on the securities entered by the client. This also applies to the quantity of each security to be analyzed; it is up to the client to provide accurate information of each ticker symbol and quantity. All analysis on the date a report is generated will be based on the previous day's published closing prices. Any symbol not found in the EPI database will not be included in the analysis.

QF services are available to residents living in the United States and are not generally available to foreign individuals. QF offers no other services at this time.

### Customized Services

As a provider of portfolio analysis services, we do not customize our services, as each client will have access to the same EPI platform, which will produce the same report based upon the securities entered by the respective client.

### Wrap Fee Programs

As a provider of portfolio analysis services, we do not sponsor a wrap fee program nor do we provide a portfolio management services to a wrap fee program.

### Assets Under Management

As a provider of portfolio analysis services, we do not have assets under management. QF will at no time maintain custody of client funds, nor will QF have discretionary authority over funds of any client.

## **Item 5 – Fees and Compensation**

Advisory fees are currently waived for QF's clients, as fees are reimbursed by our parent company, tastytrade. Accordingly, clients are not billed directly for advisory services.

### Accounts

With respect to the client accounts that are opened on the online platform, we do not charge an account opening or account maintenance fee to Clients.

### Reports

With respect to the EPI Reports that are generated by client inputs, we do not charge a separate subscription or access fee for the reports that are generated to Clients.

### Customized or Ancillary Services

As our sole business line is as a provider of portfolio analysis services, we do not provide customized services or have any negotiable fee structures. However, we reserve the right to negotiate pricing in individual circumstances and provide varying service offers to new and existing clients in the future.

### Other Fees and Expenses

As our sole business line is as a provider of portfolio analysis services, we do not charge additional fees or expenses to Clients.

### Terminations

Clients may close their account at any time. We do not charge a termination fee to Clients.

## **Item 6 – Performance Based Fees and Side-By-Side Management**

Form ADV Part 2 requires investment advisers such as QF to disclose whether the Firm or any person associated with the Firm accepts performance-based fees. Performance –based fees are fees that are based on a share of capital gains or capital appreciation of a client’s account.

We do not charge any performance-based fees or provide side by side management.

## **Item 7 – Types of Clients**

We provide portfolio analysis services for individual investors who may hold investment accounts as individuals, joint or business entities, such as limited liability companies, partnerships, corporations. We do not service other client types, such as pension plans or investment companies.

The analysis offered by QF is relevant to various types of clients ranging from those who have a basic understanding of investing and trading to those who have a sophisticated understanding of investing. The better the investment knowledge of a specific client, the higher utility they are likely derive from such analysis, despite uniform service to all clients (see Item 4 as well as “Uniform Service” under Item 4).

There is no minimum or maximum account size.

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

QF’s portfolio analysis aims to provide a deeper insight for each client about the risk profile of their portfolio. QF’s portfolio analysis is based on statistical analysis of historical data, volatility-based risk metrics, probabilities of market outcomes, and analysis of unsystematic and systematic exposure. The following are the key components of this analysis:

### **1. Statistical Analysis of Historical Data**

Involves collecting daily price data from a historical period of stocks, funds and ETFs that can be used for mathematical analysis such as calculating correlations between assets, returns for past periods, and asset volatility. The resulting calculations are applied to a portfolio to estimate how its value might change according to changes in its components.

Risk: Historical price data may not accurately predict future price movements, and correlations, returns and volatility in the future can be different from past values. Market prices of portfolio assets may follow random patterns and not have a reliable predictability.

2. Volatility-based Risk Metrics

The volatility of stocks, funds and ETFs can indicate their future potential price range, and thus the risk of positions in them. Mathematical equations convert volatility into the price range using the asset's price and a future date for analysis. The resulting metrics are applied to portfolios to estimate their potential future losses.

Risk: Volatility is not constant, and can change on a daily basis. That can make the risk analysis based on previous values of an asset's volatility less accurate. Volatility may also not fully capture all potential risk in a stock, fund or ETF, making it less reliable in assessing risk.

3. Probabilities of Market Outcomes

Quantitative methods and mathematical equations can be used to estimate the probability of a stock, fund or ETF reaching a higher or lower price at some point in the future. These estimates are applied to a portfolio of assets to evaluate the likelihood of the portfolio's value changing to a target level, either higher or lower.

Risk: The probability metrics are theoretical in nature, and offer no guarantee of portfolio outcomes. As the inputs, such as asset price and volatility, into the mathematical probability equations can change daily, the resulting probability numbers may not reflect the actual outcomes of asset price changes in the future.

4. Analysis of Systematic and Unsystematic Risk Exposure

Portfolio theory suggests that an asset's risk can be viewed as a combination of systematic risk (market risk, non-diversifiable) and unsystematic risk (asset specific, diversifiable). These are measured with quantitative methods and applied to a portfolio of stocks, funds and ETFs to assess how sensitive it is to broad market movements and/or price changes in specific assets.

Risk: Systematic and unsystematic risk is theoretical in nature, and may not be reliably predictive of realized asset or portfolio risk.

General Risks

Although QF does not make recommendations, manage client assets, or custody discretionary or non-discretionary assets, Clients are reminded of the general risks associated with using an online platform, which include:



Technology Risk: The EPI may use other proprietary and third party data and systems to support the portfolio analysis. Data imprecision, software or other technology malfunctions, programming inaccuracies and similar circumstances may impair the performance of these systems, which may negatively affect the portfolio analysis.

Cybersecurity Risk: Cybersecurity breaches may allow an unauthorized party to gain access to customer data, or proprietary information, or others to suffer data corruption or lose operational functionality. These breaches may result in private lawsuits and/or regulatory actions, and declines in an issuer's security price.

### **Item 9 – Disciplinary Information**

Form ADV Part 2 requires us to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business and/or our management.

Neither QF nor any of our management persons have been involved in any events that are material to a client's or prospective client's evaluation of QF or the integrity of its management.

### **Item 10 – Other Financial Industry Activities and Affiliations**

We are required to disclose any relationship or arrangement with certain related persons that is material to our advisory business or our clients. Related persons are our officers, partners, or directors (or other persons occupying a similar status or performing similar functions), or employees or any other person or company who is under common control with our Firm.

QF is a subsidiary of tastytrade, Inc. ("tastytrade"). tastytrade also owns tastyworks, Inc ("tastyworks"). tastyworks is a registered broker-dealer and member of FINRA, NFA and SIPC. tastyworks offers self-directed brokerage accounts to its customers. tastyworks does not give financial or trading advice nor does it make investment recommendations. Tastyworks does not engage in investment banking or property trading nor does it produce research materials. Additionally, QF does not require its clients to have a tastyworks account.

QF does benefit from its ownership by tastytrade. tastytrade has afforded QF a separate space designated specifically for QF within the office location operated by tastyworks, another wholly-owned subsidiary of tastytrade. tastytrade also provides the technology for the EPI described in Section 8.

tastyworks and tastytrade share certain employees who are dually employed with QF, which is necessary to the operation of QF. Accordingly, management persons of QF may also be employees of tastyworks.. For example, QF's Chief Financial Officer also holds the same title at tastytrade.

Any tastyworks employee who is also responsible for any of the day-to-day operations of QF will be dually registered and employed, as required by applicable SEC, state and/or FINRA regulations.

tastyworks does not provide any investment advisory services or otherwise perform any function on behalf of QF. QF maintains all necessary records and information relating to the services it provides to meet its legal and contractual obligations.

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

### Code of Ethics

We have adopted a code of ethics in accordance with Rule 204A-1 under the Investment Advisers Act of 1940 ("Code of Ethics"). Our Code of Ethics strives to uphold the highest standards of moral and ethical conduct, including placing our clients' interests ahead of our own.

Our Code of Ethics covers all our employees, persons who have access to our non-public information, and persons with access to the EPI data or customer data (collectively "Access Persons"). Our Code of Ethics addresses such topics as professional and ethical responsibilities, compliance with securities laws and the employee personal trading practices. Our Code of Ethics also addresses receipt and/or permissible use of material non-public information and other confidential information our Access Persons may be exposed and/or have access to given their position. The Code of Ethics is provided to employees upon hire and at least annually thereafter. Access Persons must certify in writing that they have received, read, and understand the Code of Ethics and that they agree to comply with its contents.

### Participating or Interest in Client Transactions

As our sole business line is as a provider of portfolio analysis services, we do not have an interest in client transactions. Further, we do not provide trading recommendations to clients, maintain proprietary trading accounts, engage in principal transactions (i.e., acting in our own account, buy a security from or sell a security to a client's account) or engage in agency cross

transactions (i.e., transactions where we execute a transaction while acting as a broker for both our client and the other party in the transaction).

#### Personal Trading

Our Firm's Code of Ethics describes our fiduciary duties and responsibilities to our clients and sets forth our practice of supervising the personal securities transactions of supervised persons with access to client information.

Individuals associated with the Firm may buy or sell securities for their personal accounts identical to or different from those that clients may trade based on the portfolio analysis provided by QF. It is our expressed policy that no person employed by our Firm shall prefer his or her own interest to that of a QF client or make personal investment decisions based on the investment decisions of QF clients.

To supervise compliance with our Code of Ethics, we require Associated Persons to provide annual securities holdings reports and quarterly transaction reports to QF's Compliance Department. We require that all individuals act in accordance with all applicable federal and state regulations governing registered investment advisers. Our Code of Ethics also includes our policy prohibiting the improper use of material non-public information. Any individual not in observance of the requirements of our Code of Ethics may be subject to discipline.

A copy of our Code of Ethics is available to our advisory clients and prospective clients upon written request to QF's Compliance Department at the Firm's principal office address.

### **Item 12 – Brokerage Practices**

As a provider of portfolio analysis services, we do not place trades in the market and thus do not select or recommend broker-dealers for client transactions.

#### Recommendation Criteria

We do not trade client accounts. This item is not applicable.

#### Research and Other Soft Dollar Benefits

"Soft dollars" are defined as a form of payment investment firms can use to pay for goods and services such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services.

We do not accept or use research or soft dollars provided by broker-dealers or other service providers in connection with providing advisory services (see Item 10 for information on QF's benefits from its affiliated companies).

#### Brokerage for Client Referrals

We do not select or recommend broker-dealers to clients.

#### Directed Brokerage

We do not recommend, request or require that clients execute transactions through a specified broker-dealer. Further, we do not engage in directed brokerage arrangements and do not receive direct compensation for referring clients to broker-dealers.

### **Item 13 – Review of Accounts**

Form ADV Part 2 requires investment advisers such as QF to disclose whether the Firm periodically reviews client accounts and the frequency of reports that are provided to clients.

As a provider of portfolio analysis services, we do not review our clients' accounts nor do we provide them with written reports regarding their accounts other than the portfolio analysis report described in this Brochure. This is because QF does not make recommendation and does not have custody or discretion over clients' funds (see Items 15 & 16).

### **Item 14 – Client Referrals and Other Compensation**

Form ADV Part 2 requires investment advisers such as Quiet Foundation to disclose any economic benefits the Firm may receive from any third party in connection with providing investment advice to our clients. The Form also requires investment advisers to disclose all arrangements whereby the investment adviser compensates, directly or indirectly, any person or firm for client referrals.

We do not pay for client referrals and we have not entered into any arrangements with third-party solicitors. We do not receive extra compensation or any other economic benefit for providing investment advice or other advisory services to clients.

### **Item 15 – Custody**

As a provider of portfolio analysis services, we do not manage client accounts or take custody of any Client assets or funds.

### **Item 16 – Investment Discretion**

As a provider of portfolio analysis services, we do not provide discretionary portfolio or investment management services.

### **Item 17 – Voting Client Securities**

As a provider of portfolio analysis services, we do accept nor have any proxy voting authority. This is not applicable.

### **Item 18 – Financial Information**

We are required to provide you with certain financial information or disclosures about our financial condition.

#### Balance Sheet

We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to provide a balance sheet.

#### Financial Condition

We do not have a financial commitment that impairs our ability to service our clients.

#### Bankruptcy

We have not been the subject of any bankruptcy proceedings.

## Form ADV Part 2B: Brochure Supplement

### Quiet Foundation, Inc.

1000 W. Fulton Market St.,  
Suite 220  
Chicago, Illinois 60607  
(312) 300-4825

[www.quietfoundation.com](http://www.quietfoundation.com)

September 13, 2018

- 
- **James C. Blakeway**

This brochure supplement provides information on the personnel listed above and supplements the Quiet Foundaion Inc. ("Quiet Foundation") brochure. You should have received a copy of that brochure. Please visit [quietfoundation.com](http://quietfoundation.com) if you did not receive a copy of that brochure or for more information.

Additional information regarding the personnel above is available on the SEC's website at <https://www.adviserinfo.sec.gov/IAPD>

**James Blakeway**  
**Chief Executive Officer**

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**Item 2 Educational Background and Business Experience**

*Year of Birth:* 1991

*Formal Education after High School:*

- BS in Economics and Finance from Carthage College in Kenosha, Wisconsin

*Business Background for the Previous Five Years:*

- tastytrade, Inc., Research Analyst: June 2013 to March 2018
- Quiet Foundation, Inc. CEO: April 2018 to Present.

*Licensing:*

- Series 65-- Uniform Investment Adviser Law Examination

**Item 3 Disciplinary Information**

Quiet Foundation is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of James Blakeway. No events have occurred that are applicable to this item.

**Item 4 Other Business Activities**

No activities applicable to this item.

**Item 5 Additional Compensation**

No additional compensation applicable to this item.

**Item 6 Supervision**

Mr. Blakeway is the sole and ultimate supervising principal who reports to the Board of Directors. He is bound by QF's Code of Ethics as well as QF's policies and procedures, which include surveillance procedures that are established pursuant to the requirements of the Investment Advisers Act of 1940.