

## Form ADV Part 2A

Item 1- Cover Page

**APPLIED RESEARCH INVESTMENTS, LLC**

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**March 29, 2019**

This Brochure provides information about the qualifications and business practices of Applied Research Investments, LLC. If you have any questions about the contents of this Brochure, please contact us at (212) 419-0573. 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.

Applied Research Investments, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that you use to determine to hire or retain an Adviser.

Additional information about Applied Research Investments, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

While Applied Research Investments, LLC may refer to itself as a registered investment adviser, you should be aware that registration does not imply a certain level of skill or training.

## Item 2: Material Changes

Please note that since the filing of the previous Brochure on January 8<sup>th</sup> 2019 when the office address in the same jurisdiction was changed, there have been no material changes.

Certain non-material changes have been made to this Brochure since our last annual submission and consequently, we encourage you to review this document in its entirety.

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## Item 4: Advisory Business

### Firm Description

Applied Research Investments, LLC ("ARI" or "Company") is a US investment advisory firm incorporated in Delaware. ARI was founded on October 11, 2016. With its principal business office in New York City, the Company currently manages five investment strategies (ARI EAFE – Europe, Australasia and Far East –, ARI Global, ARI Global Opportunities, ARI Asia Pacific and ARI Emerging Markets). The Company targets institutional clients and high net worth individuals such as family offices, endowments, pension funds and sub-advisory relationships.

ARI is led by Amira Strasser, Founding Partner and Chief Executive Officer, and Mark Lin, Chief Investment Officer and lead Portfolio Manager. The firm is independent and 100% employee owned. Ms. Strasser is the principal owner of ARI.

### Advisory Services

ARI provides its clients with discretionary asset management services across a broad spectrum of global investment strategies. ARI employs a fundamental investment technique in implementing these strategies. See Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) for additional information regarding ARI's advisory services.

### Investment Vehicle

ARI makes the investment strategy offerings discussed above available to clients through separately managed accounts ("SMA").

Institutional clients and high net worth individuals may retain ARI to provide discretionary or non-discretionary investment advice pursuant to the terms of negotiated investment management agreements. In order to tailor our advisory services to the individual needs of clients, ARI may customize the guidelines and restrictions applied to the strategy to align with the particular investment goals of a particular client. As such, clients may impose restrictions on investing in certain securities or types of securities in their Investment policy statement (IPS) or in the Investment Guidelines.

Presently, all of ARI's investment advisory services are provided on a discretionary basis. As of March 29, 2019, the Adviser had approximately \$106,700,507 in assets under management.

## Item 5: Fees and Compensation

The fees described in this section are strictly for the provision of investment advisory services and do not include other fees that a client account may incur, such as custody fees or fees charged by other service providers retained by the clients' accounts. ARI does not receive or participate in the sharing of custody fees or otherwise receive any benefit as a result of custodial arrangements entered into by its clients' accounts.

Our existing clients may have different fee arrangements from those specified below. Fee schedules vary depending on the strategy and size of account, and may change over time. Additionally, fees may be negotiable. Performance fees may also apply for some strategies.

ARI is compensated for its advisory services based on the average monthly market value of assets under management for each quarterly period. Fees are shown as annual percentages, though paid quarterly in advance. ARI may also be compensated with performance-based fees. Upon request, ARI may also charge a fee that is based upon the performance of a client's account. ARI complies with the provisions of Rule 205-3 of the Investment Advisers Act of 1940 with respect to institutional clients that qualify for and negotiate performance-based fees. The specific manner in which fees are charged is expressed in a client's written investment management agreement with ARI. Advisory fees are deducted from the accounts or as may otherwise be communicated by the client.

Generally, fees are billed on a quarterly basis as stipulated in the investment management agreement and may be negotiable depending on particular requirements and circumstances of the account(s). In the event a client terminates its advisory agreement during a quarterly period, the fee for that period is prorated based on the number of days or months during the period in which ARI performed services. The client is also entitled to a pro rata refund of the portion of the quarterly fee, when paid in advance, for the remaining balance of the quarter.

The following list highlights the advisory fees for the first \$25 - \$50 million under management. Please contact ARI for details regarding additional breakpoints.

Investment Strategy	Advisory Fees
ARI EAFE	0.73%
ARI Global	0.68%
ARI Global Opportunities	1.00%
ARI Emerging Markets	0.90%
ARI ASIA Pacific	0.90%

## Item 6: Performance-Based Fees and Side-By-Side Management

### Side-by-Side Management

“Side-by-Side management” refers to ARI’s simultaneous management of multiple separately managed accounts. For example, some accounts for which ARI serves as investment advisor may charge a performance-based fee in addition to a management fee, which could provide an incentive for ARI to treat the performance fee account more favorably than management fee only accounts. The Side-by-Side management gives rise to potential conflicts of interest for ARI, including employees and supervised persons of the Company.

ARI adopted compliance policies and procedures reasonably designed to seek to mitigate and manage appropriately potential and actual conflicts associated with the Side-by-Side management of client accounts. ARI adopted trade aggregation and allocation procedures that seek to treat all clients fairly and equitably. These policies and procedures address the allocation of limited investment opportunities, such as Initial Public Offering and the allocation of transactions across multiple accounts.

### Performance-Based Fees

ARI may enter into investment advisory arrangements that feature performance-based fees. Any such fees are fully described in the applicable investment advisory agreement or product offering document.

A conflict of interest may arise where the financial or other benefits available to a portfolio manager or an investment adviser differ among the accounts under management. For example, when the structure of an investment adviser’s management fee differs among the accounts under its management (such as where separately managed accounts pay differing management fees or performance-based management fees), a portfolio manager might be motivated to favor certain funds and/or accounts over others. Performance-based fees could also create an incentive for an investment adviser to make investments that are riskier or more speculative than he/she would make for management fee accounts. In addition, a portfolio manager might be motivated to favor accounts in which he or she or the investment adviser and/or its affiliates have a financial interest. Similarly, the desire to maintain or raise assets under management or to enhance the portfolio manager’s performance record in a particular investment strategy or to derive other rewards, financial or otherwise, could influence a portfolio manager to apply preferential treatment to those accounts that could most significantly benefit the portfolio manager.

Additionally, ARI allows its employees to trade in securities that it recommends to advisory clients. ARI’s employees may buy, hold or sell securities at or about the same time that ARI is purchasing, holding or selling the same or similar securities for client account portfolios and the actions taken by such individuals on a personal basis may differ from, or be inconsistent with, the nature and timing of advice or actions taken by ARI for its client accounts.

ARI seeks to avoid these potential conflicts of interest by acting in the best interests of clients and by not favoring or making riskier investments for accounts paying performance-based or higher fees as compared to those investments made for management fee accounts. ARI manages its clients’ accounts consistent with applicable law, and it follows procedures that are reasonably designed to treat clients fairly and prevent any client or group of clients from being systematically favored or disadvantaged. For example, ARI has trade allocation policies and procedures which are designed and implemented to treat all clients fairly and equally, and to prevent conflicts

of interest from influencing the allocation of investment opportunities among clients. Additionally, the investment performance of composites, not individual client accounts, is generally considered a factor in determining portfolio managers' compensation. Furthermore, ARI has adopted a written Code of Ethics designed to avoid, limit and/or detect personal trading activities that may interfere or conflict with client interests.

## Item 7: Types of Clients and Account Requirements

ARI provides investment advice to the following types of clients:

- High net worth individuals
- Foundations and endowments
- Pension and profit sharing plans
- Corporations and other business entities
- State and local municipalities
- Family offices
- Taft-Hartley plans

ARI has established a minimum account or investment size of 1MM for its various products.

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

This section addresses ARI's general investment strategies, the methods we employ, and the material risks of investing in our various portfolios and products. The name, Applied Research, was carefully selected to not only reflect current investment process but also for succession planning over the long run and last well beyond the co-founders relationships with the Company.

### Investment Strategy

ARI's investment strategies seek to deliver long-term absolute positive returns, through a focused strategy of investing in the securities of global and regional leading companies that offer consistent earnings growth, in concentrated long-only funds. ARI differentiation relies on its expertise in discovering under-covered, under-researched names, which tend to be lesser-known local leading companies around the globe.

### Fundamental Bottom up Research

Underpinning the ARI's research process are four key investment criteria:

1. Growth Hurdle - annual revenue growth 4% or more, earnings growth ~8% to 10%;
2. Strong Barriers to Entry - requires outstanding and defensible barriers to entry;
3. Capable Management - value creation via intelligent allocation of capital; and
4. Valuation - relative to growth rate of earnings and cashflow-based methodology.

ARI has five investment characteristics:

1. Absolute Positive Return: Our objective is to increase the net asset value of our funds year after year;

2. Target Consistent mid-term value add within a Long-Term Investment Horizon (5+ years results with low annual portfolio turnover, approximately 30-40%);
3. Preference for Low Cyclicalities;
4. Aim to minimize Permanent Loss of Capital; and
5. Bottom Up stock selection based on exclusive internal fundamental research.

ARI employs a systematic, rigorous and fact-based process of idea generation, information gathering and thesis examination.

#### ARI Product Offerings

##### ARI EAFE Strategy

- The investment objective of ARI EAFE is to seek long-term growth of capital through investment primarily in equity securities of companies in developed countries located outside the U.S and Canada. The strategy may invest a portion of total assets in companies in emerging markets. The benchmark indexes are MSCI EAFE Index and MSCI ACWI ex USA Index.

##### ARI Global Strategy

- The investment objective of ARI Global is to seek long-term growth of capital through investment primarily in equity securities of companies in Europe, the Far East, the Pacific Basin, and the Americas. The strategy also allows for investing a portion of total assets in companies in emerging markets. The benchmark index is the MSCI ACWI Index.

##### ARI Global Opportunities Strategy

- The investment objective of ARI Global Opportunities is to seek long-term growth of capital through investment primarily in equity securities of companies that are involved in the development, application, production, or distribution of scientific and technology-based products and services as well as the mid and large cap companies classified in the healthcare sector. The benchmark index is MSCI World Growth Index.

##### ARI Emerging Markets Strategy

- The investment objective of ARI Emerging Markets is to seek long-term growth of capital through investment, primarily in equity securities of companies in emerging markets and other investments that are tied economically to emerging markets. The benchmark index is the MSCI Emerging Markets Index.

##### ARI Asia Pacific Strategy

- The investment objective of ARI Asia Pacific is to seek long-term growth of capital through investment primarily in equity securities of companies in Asia, the Pacific Rim, Australasia, and the Indian subcontinent. The strategy may invest a portion of total assets in companies in emerging markets. The benchmark index is the MSCI Asia Pacific Index.



### Material Risk Summary

Investing in non-US securities involves risk of principal. Important risks associated with investing in non-US securities include: currency risks, political risks, foreign and emerging market risks, market conditions risk, and foreign jurisdiction regulatory risk. Clients should be prepared to bear the risk of loss associated with these and other risks when investing in non-US securities.

## **Item 9: Disciplinary Information**

ARI is required to disclose all material facts regarding certain enumerated or other legal or disciplinary events of ARI or its management that could be material to your evaluation of ARI or the integrity of ARI's management.

ARI and its management have no information to disclose applicable to this Item.

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

Applied Research Investment Advisors, Corp ("ARIA") is wholly owned by the CEO and founder of ARI, Amira Strasser. ARIA is based in Montreal, Canada and it is a registrant under Canadian securities laws as an adviser with its purpose to provide portfolio management and research services in support of ARI.

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

ARI has adopted a Code of Ethics ("Code") based on the principle that ARI and each of its employees owe a fiduciary duty to its clients and a duty to comply with federal and state securities laws, as well as any other applicable laws. For the Code, ARI deems all of its employees and independent contractors to be Access Persons.

There are four key principles embodied throughout the Code: (1) The interests of clients must be paramount; (2) ARI employees may not take inappropriate advantage of their relationship with clients; (3) all personal securities transactions of ARI employees should avoid any actual, potential or apparent conflicts of interest; and (4) ARI employees must comply with all applicable laws and regulations.

In addition to these key principles, the Code provides for the restriction or limitation on certain personal securities transactions. For example, ARI employees are prohibited from (1) investing in initial public offerings, (2) buying or selling securities from or to a client, and (3) investing in a private offering unless written consent is given by the Company's Compliance Officer.

Generally, ARI employees, in addition to the restrictions detailed above, are subject, under certain circumstances, to blackout periods where they may be prohibited from trading. ARI employees also may, under certain circumstances, be required to disgorge profits from any purchase and sale or sale and purchase of a security occurring within a defined period of calendar days.

### Personal Investing by Investment Advisory Personnel

When investment advisory personnel invest for their own accounts, conflicts of interest may arise between the client's and the employee's interests. The conflicts may include taking an investment opportunity from the client for an employee's own portfolio, using an employee's advisory position to take advantage of available investments, or frontrunning, which may be an employee trading before making client transactions, thereby taking advantage of information or using client portfolio assets to have an effect on the market which is used to the employee's benefit.

ARI's policy does allow employees to maintain personal securities accounts provided any such personal investing by the employee or any immediate family or household member is consistent with the firm's fiduciary duty to our clients.

ARI employees Personnel proposing to engage in personal securities transactions must obtain prior written authorization from ARI's CCO or her designees. All ARI employees must disclose the existence of those brokerage accounts for which they are beneficial owners as well as any transactions occurring in such accounts. ARI employees must report all such accounts to the Company and provide copies of all statements and confirms or reports of transactions on a regular basis to ARI's Chief Compliance Officer.

Each client may obtain a copy of ARI's Code of Ethics by contacting Amira Strasser, Chief Compliance Officer at [compliance@arinvgroup.com](mailto:compliance@arinvgroup.com).

## **Item 12: Brokerage Practices**

The Company seeks best execution for securities transactions executed on behalf of its clients. For purposes of this policy, best execution means that ARI will execute securities transactions in such a manner that the total cost or proceeds in each transaction is the most favorable under the circumstances. The Company considers the full range and quality of a broker's services in placing brokerage, including, among other things, execution capability, trading expertise, accuracy of execution, commission rates, reputation and integrity, fairness in resolving disputes, financial responsibility and responsiveness. The Company also may consider other services provided by the broker.

### Research and Other Soft Dollar Benefits

ARI currently does not enter into arrangements with brokers for research and other soft dollar benefits.

### Directed Brokerage

A client may instruct ARI to direct execution of some transactions through a broker designated by the client. When effecting block orders on behalf of its clients, ARI attempts, when circumstances are appropriate, to include transactions of clients which have directed the use of a particular broker in the blocked order as detailed below. In such transactions, ARI may direct the executing broker to transfer, or "step out," that client's portion of a blocked order to the broker specified by the client. If this does not occur, the order for the same security on behalf of a client which has directed the use of a particular broker will be effected through the specified

broker, after the transaction has been effected for the block order, and the cost of the transaction may be greater.

If a client directs ARI to use a particular broker, it should be understood that, under those circumstances, ARI will not have the authority to negotiate commissions or to obtain volume discounts, and best execution may not necessarily be achieved. Additionally, as a result of directing ARI to use a particular broker, a disparity in commission charges may exist between the commissions charged to clients who direct ARI to use a particular broker or dealer and those clients who do not. This disparity in commission charges may result in increased costs to the client.

ARI does not guarantee that it will meet any suggested directed brokerage targets.

#### Client Trade Aggregation

Generally, ARI will trade in blocks of securities composed of assets from multiple clients' accounts so long as transaction costs are shared equally and on a pro-rata basis between all accounts included in any such block. ARI believes that block trading generally allows the execution of equity trades in a more timely, efficient and equitable manner and reduces the overall transaction costs to clients, although these results cannot be assured.

Generally, trades will be allocated on a pro-rata basis across a particular investment strategy. From time to time an order for the same security may be placed for more than one investment strategy. Generally, should these orders be placed simultaneously or within a reasonably short time of each other, they will be transmitted to a broker as a single order and be allocated on a pro-rata basis across all participating investment strategies.

From time to time orders for the same security but placed for different investment strategies may be entered at different times during a particular trading day. In these circumstances, if the trade entered first for a particular strategy is filled in its entirety, that trade will be closed out and allocated pro-rata among the participating accounts for that particular strategy. The later trade, entered for a different strategy, will be treated as a separate and distinct transaction and, when filled, will be allocated pro-rata among the participating accounts for that strategy.

ARI must constantly aim to be fair, reasonable and equitable to all clients based on their investment objectives, and investment policies and avoid conflicts of interest or favoritism among clients or groups of clients including those clients whose accounts require the trading staff to use a specific broker for the execution of their transactions.

### **Item 13: Review of Accounts**

ARI's portfolios are managed and reviewed by its portfolio manager. Portfolio positions are subject to constant reevaluation, and may be triggered by such events including, but not limited to, changes in general economic or investment conditions, ARI's portfolio strategy or outlook with regard to the prospects for a particular portfolio holding or potential new purchases.

Whenever a transaction occurs in a client's account, that account is checked for accuracy by the portfolio manager and another member of the staff. Client accounts are reconciled at least monthly with custodians by operations personnel. Performance of each client account is reviewed, at a minimum, monthly.

## Item 14: Client Referrals and Other Compensation

ARI has no information applicable to this Item.

## Item 15: Custody

ARI does not have custody of client funds. The broker/dealer, bank, or other custodian handling the account will physically hold securities and cash in client accounts. At no time will ARI ever intentionally hold client cash and securities. However, ARI may enter into an arrangement for the automatic deduction of ARI's advisory fees from any client's account provided the following conditions are met:

The client must evidence authorization for the automatic withdrawal of advisory fees in writing. Authorization will be shown on the client's investment management agreement or on a separately signed document.

The account broker/custodian must provide the client, at least quarterly, a written statement that shows the amount of the advisory fee deducted from the account. Clients should carefully review these statements.

## Item 16: Investment Discretion

ARI typically receives discretionary authority from clients at the onset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the client account. This discretionary authority is granted through the Investment Management Agreement between the client and ARI, and the discretion is limited to trading in a client's account.

When selecting securities and determining amounts, ARI observes the investment policies, limitations, and restrictions of the clients for which it advises. Clients must provide their investment guidelines and restrictions in writing to ARI.

## Item 17: Proxy Voting

In order to fulfill its proxy voting responsibilities, ARI developed proxy voting guidelines that set out how ARI intends to vote on routine and non-routine issues (the "Guidelines").

- Votes are generally cast as per the recommendations of the security issuer's Board of Directors.
- ARI may, however, decide to vote proxies in a manner that is not in line with the security issuer's Board of Directors' voting recommendation. Additional factors such as Environmental, Social and Governance issues ("ESG") may affect investment performance and require appropriate consideration in order to protect the client's investment. ARI is of the view that even though the main objective of corporations remains economic profit, behaving in a socially responsible manner should increase the economic value of the firm while reducing potential liability and therefore should be an additional factor that guides ARI's proxy voting standards.
- Votes will be cast based on ARI's best judgment of the economic interests of the beneficiaries based on the information available at the time of the proxy vote.

- All proxy voting decisions that do not follow the security issuer's Board of Directors' recommendations will be documented and include the rationale for the decision.
- The client may occasionally provide proxy instructions or decide to vote differently than ARI relative to the securities held for their account if the client determines that such a decision is in their best interest. If needed however, the client may request ARI's advice on these proxies.
- If a conflict of interest is identified and deemed "material" by the Company, ARI will determine whether voting in accordance with the Guidelines is in the best interests of the client (which may include utilizing an independent third party to vote such proxies). With respect to material conflicts, ARI will determine whether it is appropriate to disclose the conflict to affected clients and give such clients the opportunity to vote the proxies in question themselves.

Clients wishing to obtain a copy of the Guidelines or information about the proxy voting record should contact their respective servicing contact person.

### **Item 18: Financial Information**

The Company has never filed for bankruptcy and is not aware of any information that could be expected to affect its ability to manage client accounts.