

# EquBot Inc

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of EquBot Inc. If you have any questions about the contents of this brochure, please contact us at (650) 451-5497 or by email at: [info@equbot.com](mailto:info@equbot.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 EquBot Inc is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). EquBot Inc's CRD number is: 289216.*

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

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## **Item 2: Material Changes**

EquBot Inc was not previously required to have an ADV Part 2A and has the following material change to report:

- The firm has added a subscription service (Item 4 and 5).
- The firm has added performance based fees Item 5 and 6).

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

EquBot Inc (hereinafter “EQU”) is a Corporation organized in the State of Delaware. The firm was formed in January 2017. The principal owners are Amador Gallagher Family Trust and Chidananda Khatua Living Trust. The trustee’s of these trusts, respectively, are Arthur Amador, Chief Compliance Officer and Chief Operating Officer, and Chidananda Khatua, Chief Executive Officer.

### B. Types of Advisory Services

#### *Portfolio Management Services*

EQU provides “robo-advisory” portfolio management services through an online interface. This entails the use of algorithm-based portfolio management advice, rather than in-person investment advice. These automated investment solutions are customized to each client and based on individual characteristics, such as the client’s age, risk tolerance, income, and current assets, among others. EQU’s investment advisory personnel oversee the algorithm but may not monitor each client’s account. Clients are encouraged to update their account/questionnaire with any change in their objectives, risk tolerance, or other pertinent information, as that information factors into the portfolio’s composition. These updates are handled through the online interface or through email.

EQU evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. EQU will require discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is accessed through EQU’s online interface.

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

EQU attempts to eliminate all human interaction in the recommendation and investment process so that the recommendations and investment process are driven by the algorithms. Clients are able to send questions to EQU personnel by email.

### ***Adviser and Subadviser to ETFs***

EQU acts as an adviser and subadviser to various registered Exchange Traded Funds (ETF).

### ***Subscription Service – Research, Signals, and Portfolio Services***

EQU will offer investors to setup self directed accounts where EQU would charge a fee of 15 basis points to provide research, signals, portfolio services, and buy and sell recommendations. This service will offer the following:

- Automatic portfolio alerts and personal recommendations
- Provide access to heatmap of over 1000 US securities and ADRs. The heatmap displays the Opportunity Score of each company and in respect to all other companies. The Opportunity Score is an overall score that is derived by analyzing company fundamentals, management teams, sentiment, news and more.
- Have access to proprietary metrics such as previously mentioned Opportunity scores, AI Trading Signals, Portfolio Fit, news analysis scores, and more  
EQU will push buy and sell recommendations and provide access to the research (scores, etc) to the investor through the app notifications.

#### **Institutional and Advisor (RIAs) APIs-**

- Provide access to a heatmap of over 1000 US securities and ADRs. The heatmap displays the Opportunity Score of each company and in respect to all other companies. The Opportunity Score is an overall score that is derived by analyzing company fundamentals, management teams, sentiment, news and more.
- Have access to proprietary metrics such as previously mentioned Opportunity scores, AI Trading Signals, Portfolio Fit, news analysis scores, and more
- System will analyze the investors current portfolio and recommend buy and sell orders at specific dollar amounts or percentages. It is up to the investor to accept all or part of the recommendations.
- Buy and sell recommendations and access to the research (scores, etc) will be delivered to the investor through APIs (application program interface) and also through emails (file delivery) or other notification systems.

### ***Services Limited to Specific Types of Investments***

EQU generally limits its investment advice to fixed income securities, equities, ETFs (including ETFs in the gold and precious metal sectors) and treasury inflation protected/inflation linked bonds. EQU may use other securities as well to help diversify a portfolio when applicable.

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

EQU will tailor a program for each individual client. This will include an investor profile questionnaire to get to know the client's specific needs and requirements as well as a plan that will be executed by EQU on behalf of the client. EQU may use model allocations together with a

specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent EQU from properly servicing the client account, or if the restrictions would require EQU to deviate from its standard suite of services, EQU reserves the right to end the relationship.

#### **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, and certain other administrative fees. EQU does not participate in wrap fee programs.

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

EQU has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$135,000,000	\$0	December 2018

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

#### **A. Fee Schedule**

##### *Portfolio Management Fees*

<b>Total Assets Under Management</b>	<b>Annual Fees</b>
All Assets	0.35%

EQU 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 will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of EQU's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice.



### ***Performance-Based Portfolio Management Fees***

<b>Total Assets</b>	<b>Annual Management Fee (on all assets managed)</b>	<b>Annual Performance Fee applicable if performance is higher than stated benchmark)</b>
All Assets	0.00%	0.50%

Qualified Clients at the end of each quarter will pay a 0.50% annualized fee on the average daily assets invested in EQU designed portfolios for all AI Portfolios outperforming versus a stated benchmark. At the end of each calendar quarter, Qualified Clients would pay 0 bps on average daily AUM invested in EQU designed portfolios for all AI Portfolio underperforming versus the stated benchmark.

### ***Subscription Service Fees***

The cost to the investors will be .15%. EQU 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.

Institutional and Advisor (RIAs) APIs fees will ranges from 0.05% - 0.50% or can be a fixed fee ranging from \$500-10,000 / month. These fees are negotiable.

## **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 Performance-Based Fees***

Performance-based fees are withdrawn directly from the client's accounts with client's written authorization or may be invoiced and billed directly to the client and clients may select the method in which they are billed. Fees are paid quarterly and in arrears.

### ***Payment of Subscription Service***

The fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis. Fees are paid in arrears.

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

### **D. Prepayment of Fees**

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

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

Neither EQU nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. Clients always have the option to purchase EQU recommended products through other brokers or agents that are not affiliated with EQU. Advisory fees that are charged to clients are not reduced to offset the commissions or markups on investment products recommended to clients.

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

EQU manages accounts that are billed on performance-based fees as well as accounts that are NOT billed on performance-based fees. Managing both kinds of accounts at the same time presents a conflict of interest because EQU or its supervised persons have an incentive to favor accounts for which EQU and its supervised persons receive a performance-based fee. EQU addresses the conflicts by ensuring that clients are not systematically advantaged or disadvantaged due to the presence or absence of performance-based fees. EQU seeks best execution and upholds its fiduciary duty for all clients.

Clients that are paying a performance-based fee should be aware that investment advisers have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

## **Item 7: Types of Clients**

EQU generally provides advisory services to Investment Companies and Individuals.

There is no account minimum for any of EQU's services.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

EQU's methods of analysis include Charting analysis, Cyclical analysis, Fundamental analysis, Modern portfolio theory, Quantitative analysis and Technical analysis.

**Charting analysis** involves the use of patterns in performance charts. EQU uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Qualitative analysis** deals with considerations such as the character of management or the state of employee morale.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

#### *Investment Strategies*

EQU uses long term trading.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

#### *Methods of Analysis*

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting

analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**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.

**Qualitative analysis** uses subjective judgement based on unquantifiable information, such as management expertise, industry cycles, strength of research and development, and labor relations. There can be no assurance the analysis is accurate because it is subjective by nature and there may not be any quantifiable correlation between the analysis and performance.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

**Computerized or modeled investment strategies** These risks include model design risk, model implementation risk (including coding errors, input errors, etc.), hardware/technology disruption risk, human judgment decision risk, and data input/quality errors.

### *Investment Strategies*

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include

but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) 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.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**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**

Arthur Amador is a registered representative of Quasar LLC.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither EQU nor its representatives are registered as or have pending applications to become either a 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**

Arthur Amador is a registered representative of Quasar LLC and from time to time, may offer clients advice or products from those activities. Clients should be aware that these services involve a conflict of interest, as they conflict with the fiduciary duties of a registered investment adviser. EQU always acts in the best interest of the client, including with respect to the possible sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of EQU in such individual's capacity as a registered representative.

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

EQU does not utilize nor select third-party investment advisers.

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

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

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

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

EQU may recommend that clients buy or sell securities in which a related person to EQU or EQU has a material financial interest. EQU is the subadviser to various ETFs and may recommend to clients that they purchase shares of those ETFs which creates a conflict of interest as EQU will earn additional compensation in the form of management fees from both the client and the ETF it manages. EQU will always act in the best interest of the client to mitigate those conflicts.

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

From time to time, representatives of EQU may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of EQU to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. EQU 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 EQU may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of EQU to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, EQU will never engage in trading that operates to the client's disadvantage if representatives of EQU 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 EQU'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 EQU 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 EQU's research efforts. EQU will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

EQU will require clients to use Folio Institutional.

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

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

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

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

#### 3. *Clients Directing Which Broker/Dealer/Custodian to Use*

EQU will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

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

If EQU 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, EQU 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. EQU 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 EQU's advisory services provided on an ongoing basis are reviewed at least Annually by Arthur Amador, CCO, and Chris Natividad, CIO, with regard to clients' respective investment policies and risk tolerance levels. All accounts at EQU are assigned to this reviewer.

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

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

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

Each client of EQU's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

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

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

EQU does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

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

## **Item 16: Investment Discretion**

EQU provides 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, EQU 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, EQU'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 EQU).

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

EQU will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

EQU neither requires nor solicits prepayment of more than \$500 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 EQU nor its management has any financial condition that is likely to reasonably impair EQU's ability to meet contractual commitments to clients.

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

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