

# Galileo Investment Advisers, LLC Wrap Fee Program Brochure

*This wrap fee program brochure provides information about the qualifications and business practices of Galileo Investment Advisers, LLC. If you have any questions about the contents of this brochure, please contact us at (347) 642-2640 or by email at: [aaron.dillon@thinkgalileo.co](mailto:aaron.dillon@thinkgalileo.co). 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 Galileo Investment Advisers, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Galileo Investment Advisers, LLC's CRD number is: 298991.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

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## **General**

### **Item 2: Material Changes**

Galileo Investment Advisers, LLC has not yet filed an annual updating amendment to this Wrap Fee Program Brochure. Therefore there are no material changes to this brochure to report.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Galileo Investment Advisers, LLC (hereinafter “GIA”) provides portfolio management to clients under this wrap fee program as sponsor and portfolio manager.

Total Assets Under Management	Annual Fee
All Assets	1.00%

GIA 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.

GIA may receive payments from your custodian, Coastal Bank, in addition to the investment advisory fee that you pay GIA. The payments Coastal Bank makes to GIA are intended to offset your GIA investment advisory fee. Payment amounts from Coastal Bank are directly tied to the money market fund or mutual fund, and the share class of that fund, that GIA selects for your account. This may mean that GIA is not selecting the lowest priced share class of a fund available to you. GIA's investment advisory fee, the fund and share class GIA selects for your account and the Coastal Bank payment to GIA for that fund's share class will be clearly stated your investment advisory agreement with GIA.

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. GIA 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.

Clients may terminate the agreement without penalty, for full refund of GIA's fees, within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice.

### B. Contribution Cost Factors

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program, including the trading activity in the client's account, the adviser's ability to aggregate trades, and the cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

### **C. Additional Fees**

GIA will wrap third party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.) for wrap fee portfolio management accounts. GIA will charge clients one fee, and pay all transaction fees using the fee collected from the client. Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that GIA has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs.

Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, fees associated with “step out” transactions if the account uses different custodians or broker-dealers, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

### **D. Compensation of Client Participation**

Neither GIA, nor any representatives of GIA receive any additional compensation beyond advisory fees for the participation of client’s in the wrap fee program. However, compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and other services. Therefore, GIA may have a financial incentive to recommend the wrap fee program to clients.

## **Item 5: Types of Clients**

GIA generally offers advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

There is no account minimum.

## **Item 6: Portfolio Manager Selection and Evaluation**

### **A. Selecting/Reviewing Portfolio Managers**

GIA will not select outside portfolio managers for management of this wrap fee program. GIA will be the sole portfolio manager for this wrap fee program.

GIA will use industry standards to calculate portfolio manager performance.

GIA reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is annually and is reviewed by GIA.

## **B. Related Persons**

GIA and its personnel serve as the portfolio managers for all wrap fee program accounts. This is a conflict of interest in that no outside adviser assesses GIA's management of the wrap fee program. However, GIA addresses this conflict by acting in its clients' best interest consistent with its fiduciary duty as sponsor and portfolio manager of the wrap fee program.

## **C. Advisory Business**

GIA offers ongoing wrap fee portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. GIA creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Determine investment strategy
- Asset allocation
- Assessment of risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

GIA evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. GIA 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 given to each client.

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

GIA offers three solutions; [1] cash management [2] decumulation in retirement + cash management [3] accumulation for retirement. Clients indicate which programs they would like to participate in and are invested into the associated investment strategies.

**The cash management solution** is appropriate for clients with immediate cash needs. Investments are made into money market securities and portfolio management is outsourced to a third party asset manager. We obtain this exposure through a retail government money market fund.

**The decumulation solution** is appropriate for clients currently in retirement. Decumulation invests into a balanced portfolio of equities and fixed income and each month a specific percentage of assets are redeemed and invested into money market securities. All portfolio management is outsourced to a third party asset managers. We obtain equity and fixed income exposure through target date mutual funds or target risk mutual funds and money market exposure through a retail government money market fund.

**The accumulation solution** is appropriate for clients saving for retirement. Accumulation invests into a balanced portfolio of equities and fixed income and portfolio management is outsourced to a third party asset manager. We obtain equity and fixed income exposure through a target date mutual fund or target risk mutual fund. The target-risk mutual fund 'vintage' that is closest to the client's 65th birthday is selected. The target-risk mutual fund is selected based on the number of years to the client's 65th birthday. For target-date mutual funds, investment horizons of 3 to 5 years will be invested into conservative target-risk funds, 5 to 15 years in moderate target-risk funds and 15+ years in aggressive target-risk funds. GIA will automatically move investors from aggressive to moderate to conservative target-risk fund, as required, as the investment goal horizon date approaches. This risk tolerance approach follows the Dept of Labor.

Portfolio management accounts participating in the wrap fee program will not have to pay for transaction or trading fees. GIA will charge clients one fee, and pay transaction fees using the advisory fee collected from the client. Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that GIA has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs. To address this conflict, GIA will always act in the best interest of its clients consistent with its fiduciary duty as an investment adviser.

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

GIA generally limits its investment advice to mutual funds and ETFs, although GIA primarily recommends cash management investment strategy and GIA solely invests in U.S. treasury money market funds, target-date funds or target-risk funds.. GIA may use other securities as well to help diversify a portfolio when applicable.

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

GIA will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by GIA on behalf of the client. GIA may use model allocations together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

## ***Wrap Fee Programs***

As discussed herein, GIA sponsors and acts as portfolio manager for this wrap fee program. GIA manages the investments in the wrap fee program, but does not manage those wrap fee accounts any differently than it would manage non-wrap fee accounts. The fees paid to the wrap account program will be given to GIA as a management fee.

## ***Amounts Under Management***

GIA has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$0	\$0	January 2019

## ***Performance-Based Fees and Side-By-Side Management***

GIA does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Clients 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.

## ***Methods of Analysis and Investment Strategies***

### **Methods of Analysis**

GIA's methods of analysis include fundamental analysis and fundamental analysis.

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

**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.



## **Investment Strategies**

GIA recommends long term investing.

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

## ***Material Risks Involved***

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### **Methods of Analysis**

**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.

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

## **Investment Strategies**

**Long term investing** 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.*

## ***Risks of Specific Securities Utilized***

**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. Because ETFs use "authorized participants" (APs) as agents to facilitate creations or redemptions (primary market), there is a risk that an AP decides to no longer participate for a particular ETF; however, that risk is mitigated by the fact that other APs can step in to fill the vacancy of the withdrawing AP [an ETF typically has multiple APs] and ETF transactions predominantly take place in the secondary market without need for an AP. Like other liquid securities, ETF pricing changes throughout the trading day and there can be no guarantee that an ETF is purchased at the optimal time in terms of market movements. Moreover, due to market fluctuations, ETF brokerage costs, differing demand and characteristics of

underlying securities, and other factors, the price of an ETF can be lower than the aggregate market price of its cash and component individual securities (net asset value – NAV). An ETF is subject to the same market risks as those of its underlying individual securities, and also has internal expenses that can lower investment returns.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

*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.*

### ***Voting Client Securities (Proxy Voting)***

GIA 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 7: Client Information Provided to Portfolio Managers**

All client information material to managing the portfolio (including basic information, risk tolerance, sophistication level, and income level) is provided to the portfolio manager. The portfolio manager will also have access to that information as it changes and is updated.

## **Item 8: Client Contact with Portfolio Managers**

GIA does not restrict clients from contacting portfolio managers. GIA’s representatives can be contacted during regular business hours using the information on the Form ADV Part 2B cover page.

## **Item 9: Additional Information**

### **A. Disciplinary Action and Other Financial Industry Activities**

#### ***Criminal or Civil Actions***

There are no criminal or civil actions to report.

#### ***Administrative Proceedings***

There are no administrative proceedings to report.

### ***Self-Regulatory Organization (SRO) Proceedings***

There are no self-regulatory organization proceedings to report.

### ***Registration as a Broker/Dealer or Broker/Dealer Representative***

Neither GIA nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

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

Neither GIA nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### ***Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests***

Bryan Russel Brooks is the CFO of Galileo Processing, Inc. He is a certified public accountant and keeps that license as part of his role as CFO for Galileo Processing, Inc. Galileo Processing, Inc is an affiliate of Galileo Investment Advisers, LLC. Galileo Processing, Inc. is a technology company that provides middle office and back office technology to banks and other financial intuitions. From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. Galileo Investment Advisers, LLC always acts in the best interest of the client and clients always have the right to decide whether or not to utilize the services of any Galileo Investment Advisers, LLC representative in such individual's outside capacities. He spends approximately 90% of his time on this outside business activity.

Aaron Dillon is Managing Director for Galileo Processing Inc. Galileo Processing, Inc is an affiliate of Galileo Investment Advisers, LLC. Galileo Processing, Inc. is a technology company that provides middle office and back office technology to banks and other financial intuitions. From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. Galileo Investment Advisers, LLC always acts in the best interest of the client and clients always have the right to decide whether or not to utilize the services of any Galileo Investment Advisers, LLC representative in such individual's outside capacities. He spends approximately 75% of his time on this outside business activity.

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

GIA does not select third-party investment advisers.

### **B. Code of Ethics, Client Referrals, and Financial Information**

#### *Code of Ethics*

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

#### *Recommendations Involving Material Financial Interests*

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

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

From time to time, representatives of GIA may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of GIA 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. GIA 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.

#### *Trading Securities At/Around the Same Time as Clients' Securities*

From time to time, representatives of GIA may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of GIA 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, GIA will never engage in trading that operates to the client's disadvantage if representatives of GIA buy or sell securities at or around the same time as clients.

### ***Frequency and Nature of Periodic Reviews***

Accounts are reviewed at least annually by Aaron Dillon, Managing Director, with regard to clients' respective investment policies and risk tolerance levels.

### ***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).

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

Each client will receive a monthly account statement from the custodian.

### ***Economic Benefits Provided by Third Parties for Advice Rendered to Clients***

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

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

GIA may, via written arrangement, retain third parties to act as solicitors for GIA's investment management services. Solicitor relationships will be fully disclosed to each Client to the extent required by applicable law. GIA will ensure each solicitor is exempt, notice filed, or properly registered in all appropriate jurisdictions. All such referral activities will be conducted in accordance with Rule 206(4)-3 under the Advisers Act, where applicable.

### ***Balance Sheet***

GIA neither requires nor solicits prepayment of more than \$1,200.

### ***Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients***

GIA does not have any financial condition that would impair its ability to meet contractual commitments to clients.

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

GIA has not been the subject of a bankruptcy petition.

## **Item 10: Requirements For State Registered Advisers**

Please see the "Recommendations Involving Material Financial Interests" and "Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests" sections above.