

## Unconventional Investor, LLC

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March 4, 2019

This brochure provides information about the qualifications and business practices of Unconventional Investor, LLC. If you have any questions about the contents of this brochure, please contact us at the telephone number and/or e-mail address above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Unconventional Investor, LLC is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the advisor.

Additional information about Unconventional Investor, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm's CRD number is 143510.

## Unconventional Investor, LLC

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Our last annual update was dated February 20, 2018. Following is a summary of the material changes made to Part 2 since that amendment.

Item 4: As of December 31, 2018, we manage assets of \$135.4 million on a discretionary basis.

Item 5: Updated fee schedule.

<u>Assets under Management</u>	<u>Annual Fee</u>
On the first \$500,000	0.40%
Amounts over over \$500,000	0.20%

Item 19: Removed in its entirety as a result of registration with the SEC.

## ITEM 3

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## ITEM 4: ADVISORY BUSINESS

### Who we are

Unconventional Investor, LLC (referred to as “we,” “our,” “us,” or “Unconventional Investor”), has been registered as an investment advisor since May 2007. Our principal officer is Paul P. O’Leary.

### Services we offer

We believe that asset allocation is the single biggest factor in investment returns. For most clients it means having a lot of different sounding mutual funds. This provides some measure of diversification, but falls short of a thoughtful strategy. Unconventional Investor believes that the best risk return characteristics result from a thoughtfully diversified portfolio that doesn’t stray from its target.

We offer the following services:

**Portfolio Review.** A complete portfolio review consists of three things:

1. Portfolio Checkup -- including retirement, children’s college education, real estate etc.
  - asset allocation – look at underlying investments, including funds of funds, etc; look for overlap in asset classes; look at stocks/bonds; US/Europe/Asia/emerging markets;
  - fees/expenses; including funds of funds where fees can be disguised
  - tax efficiency
  - tax exposure (built in gains in non tax sheltered investments)
2. Develop a target asset allocation based upon individual’s risk tolerance and goals.
  - For long term investors, a heavy equity allocation is essential. This is used via broad based index funds, covering domestic and international markets.
  - Real estate, utilities, TIPS and US treasuries for diversification
3. Develop a tax-efficient way to reach the target allocation
  - Maximize past and current losses to free positions to get into index funds.
  - If one holding has a large built in gain, consider keeping it and adjusting the overall portfolio to reflect that.
  - Target portfolio (if consolidated at Vanguard) has ~6 index funds. Everyone can understand this strategy, so people are empowered on their financial life.
  - We strongly encourage people to consolidate assets at Vanguard for its wide array of low cost investment options. It provides the greatest flexibility in constructing a low cost portfolio.
  - We think it’s unlikely that long term capital gains rates are going down any time soon, so taking gains while they are 15% isn’t a bad idea anyway if it’s part of a comprehensive portfolio restructuring.

**Ongoing Portfolio Management.** For clients who adopt our portfolio recommendations (weightings determined by their particular circumstances) of ~6 securities, Unconventional Investor may provide the following services, depending upon market conditions and their particular circumstances:

1. **Rebalancing:** Bring the portfolio back in line with target allocation. Whenever possible, rebalance in retirement accounts. Otherwise, try rebalancing through directing new investments, or consider a simple buy and hold approach.
2. **Reallocation:** As circumstances change or simply as time goes on, the target allocation may need to change. The beauty of the portfolio is that the ratios change, but the securities in the portfolio remain the same. Unconventional Investor works with you to develop a new allocation when appropriate and a tax efficient way of getting there.

The advisory services offered by Unconventional Investor are long term in nature. We do not try and time the market or pick specific "winning" stocks. Instead, a long-term portfolio approach is taken using highly liquid, low cost securities. A simple, sensible, low cost and long term strategy is the individual investor's best choice for investment success.

Each portfolio's asset allocation reflects the individual's time horizon and risk tolerance and is adjusted when either of those elements changes.

Clients may impose restrictions on investing in certain securities or types of securities. However, due to the index allocation nature of the strategy, this isn't really relevant, nor has it arisen in our existing client base.

## Assets under management

As of December 31, 2018, we manage assets of \$135.4 million on a discretionary basis. We do not manage assets on a non-discretionary basis.

## ITEM 5: FEES AND COMPENSATION

### Portfolio Review

For these services, we receive an hourly fee of \$175. An invoice will be presented upon completion of the services. You may terminate this service at any time by providing written notice. Upon termination, an invoice will be prepared for the time spent.

### Ongoing Portfolio Management

Fees for ongoing monitoring services are calculated as a percentage of assets under management. These fees are billed at the end of the quarter, based on the assets under management as of the last day of the calendar quarter. Our standard fee schedule is:

<u>Assets under Management</u>	<u>Annual Fee</u>
On the first \$500,000	0.40%
Amounts over over \$500,000	0.20%

This fee may be negotiable in limited circumstances, such as a client placing a very large portfolio with us.

Payment for all services is due by check or cash.

You may end our ongoing monitoring services by providing written notice. We will prorate the advisory fees earned through the termination date and send you an invoice for the advisory fees due.

## Other Costs Involved

In addition to our advisory fee shown above, you are responsible for paying fees associated with investing for your account. These fees include:

- mutual fund loads (if applicable). These charges are paid to brokers as a form of commission.
- management fees for ETFs and mutual funds. These are fees charged by the managers of the ETF or mutual fund and are a portion of the expenses of the ETF or mutual fund.
- brokerage costs and transaction fees for any securities or fixed income trades. These are generally charged by your custodian and/or executing broker.

Additional information about brokerage costs and services is provided in “Item 12: Brokerage Practices.”

We believe the fees mentioned above are competitive; however you may be able to obtain similar services from other sources at a lower price.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not receive performance fees for managing accounts.

## **ITEM 7: TYPES OF CLIENTS**

Our clients are typically individuals. Generally we require that ongoing monitoring clients maintain \$250,000 under management with us. However, we may waive that minimum at our sole discretion.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

We use a specific strategy (developed by David Swensen of Yale University) advocating index funds for equities and US Treasury bonds / TIPS for bonds, plus cash. All clients own the same basic assets (although several mutual funds or ETFs could target the same asset class), with the individual proportions reflecting their unique circumstance and risk profile. This "mass-customization" is at the heart of our low cost approach to managing investments and is how we keep fees so low.

The main risk clients face is market risk, resulting from the broad index securities we use. The market indexes we track are the US stock market, the US REIT (real estate investment trust) market and international stock markets. For fixed income, since we use only US Treasury bonds, the main risk is interest rate risk and inflation risk (not for TIPS).

We use mutual funds and exchange traded funds (ETFs) targeting specific equity index classes as well as certain bond mutual funds/ETFs. These low cost securities, along with an infrequent trading philosophy, mean that the primary risk an investor takes is market risk. Timing and security selection are not relevant risks, due to the approach of being fully invested (not timing the market) and rebalancing periodically.

All investments involve different degrees of risk. You should be aware of your risk tolerance level and financial situations at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of the investment advisor and each investment advisor representative providing investment advice to you. We have no information of this type to report.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither Unconventional Investor nor our principal has outside business affiliations in the financial industry.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

We have adopted a set of enforceable guidelines (Code of Ethics), which describes unacceptable conduct by Unconventional Investor and our associated persons. Summarized, this Code of Ethics prohibits us from:

- placing our interests before yours,
- using non public information gathered when providing services to you for our own gains, or
- engaging in any act, practice or course of business that is, or might be considered, fraudulent, deceptive, manipulative, or in violation of any applicable law, rule or regulation of a governmental agency.

Please contact us if you would like to receive a full copy of this Code of Ethics.

### **Personal Trading for Associated Persons**

We may buy or sell some of the same securities for you that we already hold in our personal account. We may also buy for our personal account some of the same securities that you already hold in your account. It is our policy not to permit our associated persons (or their immediate relatives) to trade in a way that takes advantage of price movements caused by your transactions.

We may restrict trading for a particular security for our accounts or those of our associated person if there is a pending trade in that security in a client account. Trades for our accounts (and those of our associated

persons) will be placed after client trades have been completed. When our trades are placed after our client trades, we may receive a better or worse price than that received by the client.

Unconventional Investor and its associated persons may purchase or sell specific securities for their own account based on personal investment considerations without regard to whether the purchase or sale of such security is appropriate for clients.

All persons associated with us are required to report all personal securities transactions to us quarterly.

## **ITEM 12: BROKERAGE PRACTICES**

### **Selection of Brokers**

We require that our ongoing monitoring clients use who would like us to trade on their behalf use Vanguard or Charles Schwab & Co., Inc. (“Schwab”), as the qualified custodian. Both are registered broker/dealers, and members of SIPC. We are independently owned and operated and are not affiliated with Vanguard or Schwab. Vanguard or Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we require that you use Vanguard or Schwab as custodian/broker, you will decide whether to do so and will open your account with one of them by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Vanguard or Schwab, then we cannot provide trading assistance for your ongoing portfolio monitoring account. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor.

### **Aggregation of Orders**

Each purchase or sale of securities is done for a specific client. Since we do not hold custody and rather trade via limited power of attorney, we can ONLY trade on one client's account at a time, meaning that we cannot (and do not) aggregate orders for multiple clients. If we could aggregate, we conceivably could be able to save small amounts on transaction costs, though the small size of Unconventional Investor, LLC make this potential benefit small and unlikely.

### **Soft Dollars**

“Soft dollars” are typically generated when an investment advisor enters into an agreement with an executing broker to receive a portion of the commissions generated by the advisor’s client trades. The soft dollars are allocated to the investment advisor and can then be used to purchase items or services. The investment advisor has a fiduciary duty to its clients to obtain best execution, on an overall basis, for any securities transactions.

We do not use soft dollars as described above. However, the receipt of goods and/or services from a third party in connection with providing advice to clients could be seen as “soft dollars.” The additional services we receive from custodians, as disclosed in Item 14 below, would fall under this description of soft dollars.

## **ITEM 13: REVIEW OF ACCOUNTS**

On a monthly basis, Paul O’Leary, Principal and Managing Member, evaluates the client account versus target allocation and rebalances the account back to target allocation if appropriate. We do not provide



reports to clients; however, clients receive custodial statements (at least quarterly), from the custodian of the account.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

In recommending brokers to execute portfolio transactions, we make a good faith judgment of about which broker would be appropriate. We take into consideration not only the available prices and rates of brokerage commissions, but also other relevant factors that may include (without limitation):

- the execution capabilities of the broker/dealer,
- research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis),
- custodial and other services provided by the broker/dealer that are expected to enhance our general portfolio management capabilities,
- the operational facilities of the broker-dealers involved, and
- the quality of the overall brokerage and research services provided by the broker/dealer.

We do not directly or indirectly compensate anyone for client referrals.

#### **ITEM 15: CUSTODY**

We do not maintain custody of any client assets.

#### **ITEM 16: INVESTMENT DISCRETION**

You may provide discretionary authority for us to manage your assets. Discretionary authority means that you are giving us a limited power of attorney to place trades on your behalf. This limited power of attorney does not allow us to withdraw money from your account, other than advisory fees if you agree to give us that authority.

You grant us discretionary authority by completing the following items:

- Sign a contract with us that provides a limited power of attorney for us to place trades on your behalf. Any limitations to the trading authorization will be added to this agreement.
- Provide us with discretionary authority on the new account forms that are submitted to the broker/dealer acting as custodian for your account(s).

Some clients have individual stock holdings, such as the stock of an employer, that they wish to retain.

#### **ITEM 17: VOTING CLIENT SECURITIES**

We do not accept the authority to vote proxies on your behalf and we do not provide guidance about how to vote proxies. You will receive proxies and other related paperwork directly from your custodian.

## **ITEM 18: FINANCIAL INFORMATION**

We do not charge or solicit pre-payment of more than \$1,200 in fees per client six months or more in advance. We have never filed for bankruptcy and are not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual obligations to clients.

**BROCHURE SUPPLEMENT**  
**ITEM 1: COVER SHEET**

Paul P. O’Leary

Unconventional Investor, LLC

P.O. Box 16035  
Oakland, CA 94610  
(415) 235-3729

March 4, 2019

This Brochure Supplement provides information about Paul P. O’Leary that supplements the Unconventional Investor, LLC Brochure. You should have received a copy of that Brochure. Please contact Paul P. O’Leary, Managing Member at (415) 235-3729 or paul@unconventionalinvestor.com if you did not receive Unconventional Investor, LLC’s Brochure or if you have any questions about the content of this supplement.

Additional information about Paul P. O’Leary is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). His CRD number is 1691967.

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**ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

Paul P. O’Leary was born in 1965. He received a BA in Economics from Johns Hopkins University in 1987 and a MBA in Business Administration from University of Michigan, Ross School of Business in 1991.

**Employment Background**

Employment Dates:	2/2007 - Present
Firm Name:	Unconventional Investor, LLC
Type of Business:	Investment Advisor
Job Title:	Managing Member

Employment Dates:	2/2012 – 11/2013
Firm Name:	Better Energy Systems
Type of Business:	Solar Company
Job Title & Duties:	Interim Controller

**Employment Background (continued)**

Employment Dates: 11/2009 - 2/2012  
Firm Name: Curriculum Associates, LLC  
Type of Business: Supplemental Educational Publisher  
Job Title & Duties: Director of Analytics. Help with data, analytics and other non investment matters.

Employment Dates: 1/2007 - 10/2009  
Firm Name: Various  
Type of Business: Various  
Job Title & Duties: Accounting and financial services to various companies on an interim basis.

Employment Dates: 4/2004 - 12/2006  
Firm Name: Scientific Learning, Inc.  
Type of Business: Educational Software  
Job Title & Duties: Director of Finance

**ITEM 3: DISCIPLINARY INFORMATION**

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of each investment advisor representative providing investment advice to you. There is no information of this type to report.

**ITEM 4: OTHER BUSINESS ACTIVITIES**

Mr. O'Leary is not involved in any other business activities.

**ITEM 5: ADDITIONAL COMPENSATION**

Mr. O'Leary does not receive any economic benefit from any non-client for providing advisory services.

**ITEM 6: SUPERVISION**

Mr. O'Leary, Managing Member, is responsible for the supervision of all investment personnel. His telephone number is (415) 235-3729.

**BROCHURE SUPPLEMENT**  
**ITEM 1: COVER SHEET**

**C. Matthew O’Leary**

**Unconventional Investor, LLC**

1011A Westbrook Drive  
Charlotte, NC 28202  
(978) 846-2916

March 4, 2019

This Brochure Supplement provides information about C. Matthew O’Leary that supplements the Unconventional Investor, LLC Brochure. You should have received a copy of that Brochure. Please contact Paul P. O’Leary, Managing Member at (415) 235-3729 or [paul@unconventionalinvestor.com](mailto:paul@unconventionalinvestor.com) if you did not receive Unconventional Investor, LLC’s Brochure or if you have any questions about the content of this supplement.

Additional information about Matthew O’Leary is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). His CRD number is 7092273.

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**ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

C. Matthew O’Leary was born in 1986. He received a BA in Math and French from College of the Holy Cross in 2008.

**Employment Background**

Employment Dates:	1/2019 - Present
Firm Name:	Unconventional Investor, LLC
Type of Business:	Investment Advisor
Job Title:	Advisor representative (beginning 3/2019).
Employment Dates:	3/2019 - Present
Firm Name:	Self-Employed
Job Title & Duties:	Provide support for users of Keyence laser markers

**Employment Background (continued)**

Employment Dates: 4/2014 – 12/2018  
Firm Name: Keyence Corporation  
Type of Business: Supplier of industrial automation equipment  
Job Title & Duties: Sales engineer; consultative sales representative

Employment Dates: 5/2008 – 3/2014  
Firm Name: United States Navy  
Type of Business: Military  
Job Title & Duties: Commissioned Officer/Naval aviator; various ground jobs, aviation training  
naval aviator in several different airframes.

**ITEM 3: DISCIPLINARY INFORMATION**

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of each investment advisor representative providing investment advice to you. There is no information of this type to report.

**ITEM 4: OTHER BUSINESS ACTIVITIES**

As a per diem/part time contractor, Mr. O’Leary will be working for Worx Machinery to provide training and support for projects involving Keyence laser markers. He expects to spend 3-5 days per month working in this capacity. There will be no crossover of client base.

**ITEM 5: ADDITIONAL COMPENSATION**

Mr. O’Leary does not receive any economic benefit from any non-client for providing advisory services.

**ITEM 6: SUPERVISION**

Mr. Paul O’Leary, Managing Member, is responsible for the supervision of all investment personnel. His telephone number is (415) 235-3729.