



Form ADV Part 2A - Wrap Fee Program Brochure  
& Brochure Supplement  
Pursuant to Part 2A & 2B of Form ADV

Revised October 21, 2019

This Program brochure provides information about the qualifications and business practices of Newday Funds, Inc.(SEC #801-112212) (CRD #174758), dba Newday, a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. If you have any questions about the contents of this brochure, please contact us by email at: [info@newdayinvesting.com](mailto:info@newdayinvesting.com)

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Brokerage and clearing services are provided to **Newday Premier Clients** by Charles Schwab & Co., an SEC registered broker-dealer and member FINRA/SIPC.

Brokerage and clearing services are provided to **Newday Digital App Clients** by Apex Clearing Corporation, an SEC registered broker-dealer and member FINRA/SIPC.

Additional information about Newday Funds, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2: Material Changes**

This section discusses only material changes since the last annual update of this Brochure. This brochure was previously updated on April 12, 2019.

On July 1, 2019, this brochure was updated to reflect the availability of Stakeholder Capitalism portfolio on the platform.

October 1, 2019 this brochure was updated to reflect the availability of Sustainable Agriculture portfolio on the platform.



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## **Item 4: Services, Fees and Compensation**

### **General Information**

Newday offers the Newday Wrap Fee Program to prospective and current clients. Newday is a corporation organized under Delaware law, is an SEC-registered investment adviser that maintains its principal office at 735 Montgomery Street, Suite 330, San Francisco, CA 94111. Newday is the sponsor of the Newday Wrap Fee Program. If you have questions regarding the material in this brochure, please contact Newday at [info@newdayinvesting.com](mailto:info@newdayinvesting.com)

#### **A. Program Description**

Every Newday Impact Portfolio is custom-made, proprietary, and targeted investment strategy built to benefit a specific area of impact. Our multi-portfolio approach allows us to provide a fully-diversified investment strategy while impacting the areas the clients care about directly.

The Program is offered to clients through two platforms: a web-based digital investment advisory portal (the “App”) and a full service advisory (“Premier”) channel designed to compliment our online services for clients requiring non-individual types of accounts.

Clients will receive Newday’s Investment Advisory Agreement which will further detail the services the Client will receive and the fees charged to the Client. It is important to note, Newday does not provide overall financial planning nor does it provide tax advice.

Newday offers investment advice to clients and manages assets through the Newday Wrap Fee Program. A wrap fee program has a fee structure that provides clients with investment advisory and custodial services for one-all inclusive fee with no additional account activity charges for execution of trades. Retirement accounts are assessed account closing fee by the custodian, please see section regarding Additional Fees for further information.

Newday Wrap Fee Program offers services to individuals

#### ***App Platform***

The Newday App gives the Client access to automated investment guidance where they can learn about investing, create and manage a customized investment portfolio that is designed to meet their financial goals, interests and beliefs. Each Client is required to respond to a series of questions designed to identify the client’s investment objectives, risk tolerance and the impact theme(s) in which they are interested. Based solely on the information provided by the Client the Newday algorithms analyzes the information and provides the Client access to a selection of investment portfolios. Portfolios focus on the following themes: global, climate, diversity and inclusion, stakeholder capitalism, animal welfare, sustainable agriculture and ocean. Our investment management services are currently limited to these portfolios, but additional



portfolios may be added in the future. Newday portfolios are managed by our portfolio managers.

The Program includes discretionary investment advice offered by Newday primarily over the internet through the Website and App. This may differ from other investment advisory relationships, and the Client must be willing to receive investment advice over the internet in order to participate in the program.

Newday provides discretionary investment advice to each Client based solely on the information the Client provides via the App, and each Client is solely responsible for implementing any such recommendations. Newday provides ongoing investment management services on a discretionary basis only. Newday's investment advice is tailored to the individual needs of the clients and clients may impose reasonable restrictions during onboarding. Clients should carefully review all information provided by Newday and any relevant company reports prior to investing. Newday provides investment advice solely via the App or website. Newday provides customer support via Chat, email or over the phone.

It is the Client's obligation to promptly update their information through the Newday App if there are changes to their financial situation, personal circumstances, goals, objectives or if other relevant information changes.

Clients should consider that the Newday digital plan is not designed to provide clients with a comprehensive financial plan. It is built to advise clients on how to achieve discrete impact financial goals selected by the client. Newday's investment recommendations are dependent on receiving accurate information from clients. If clients provide Newday with inaccurate information or fail to update client information promptly when it changes, the quality and applicability of Newday's recommendations could be materially impacted.

All investments in a portfolio with Newday are invested as fractional shares. Fractional shares allow us to give our users a well rounded diversified stock offering in our portfolios with minimum investment capital.

### ***Premier Platform***

The Premier platform allows Clients who are unable to open accounts through the digital platform due to account type, ie. entity accounts, access to all Newday portfolios in to addition traditional advisory services. Premier clients are able to consult with a Newday adviser via telephone or in person. Premier services are designed to help clients articulate and quantify goals, organize financial data, identify needs and opportunities, evaluate alternative courses of actions, and determine whether and how Newday can fit into clients' broader financial plan. Newday will base advice on information provided by clients regarding, among other things, their age, marital and family status, annual income, employment status, liquid net worth and other



investments, investment goals and investment experience during the financial consultation call or meeting.

Premier services will not include a comprehensive financial plan. Any tax information is not a substitute for the advice of a qualified tax Adviser. You should consult with your tax Adviser to discuss tax-related concerns.

Each Client is required to respond to a series of questions designed to identify the client's investment objectives, risk tolerance and time horizon.

Based solely on the information provided by the Client the Newday adviser analyzes the information and provides the Client investment portfolios recommendations. The Client should understand that the Newday adviser relies upon the information provided by the Client in making its risk assessment and providing investment advice.

There can be no assurances that any client's financial goals and objectives will be met. Clients are under no obligation to accept or follow any recommendations made by a financial adviser as part of the Premier program. Newday provides discretionary investment advice to each Client based solely on the information the Client provides.

## **B. Fees**

Newday Wrap Fee Program (the "Program") offers investment advisory service to clients in a program that bundles services together and charges a single fee based on the value of assets under management (the "Program"). A wrap fee program allows Newday to manage client accounts for a single fee that includes advisory services, trade execution, clearance, custodial and reporting.

These fees may be negotiable depending upon the needs of the client and complexity of the situation.

Newday will not act as the custodian for accounts opened on either the Newday Premier or App platform, though our right to deduct advisory fees from the Client Account deems us to have "custody" of your funds. The securities and assets in each Client account are held in a separate account in the name of the Client at an independent custodian. Apex Clearing Corporation ("Apex") shall be the custodian for digital app Client and Charles Schwab, Inc. ("Schwab") shall be the custodian for the premier Client, and it shall have possession of the assets of the Account. All brokerage and clearing services are provided by, and securities are offered through Apex or Schwab.

The fee schedule is set forth below:



### ***Premier Platform***

Fees are billed quarterly in arrears and using the last day of the quarter for purposes of determining the market value of the assets upon which the advisory fee is based.

#### Fee Schedule (All Accounts)

Account Balance	Fee	Wrap Fee Description
Assets under management	See stated in Appendix B of the advisory agreement	Annual fee

### ***Digital Platform***

Fees are billed quarterly in arrears and using the last day of the quarter for purposes of determining the market value of the assets upon which the advisory fee is based.

#### Fee Schedule Individual Accounts

Account Balance	Fee	Wrap Fee Description
under \$100.00	0%	No fee on assets under \$100.00
\$101.00 or more	1.00% 0.60%	Annual fee on assets invested in Equities Annual fee on assets invested in Mutual Funds

#### Fee Schedule IRA Accounts (Individual Retirement Accounts)

Account Balance	Fee	Wrap Fee Description
under \$100.00	0%	No fee on assets under \$100.00
\$101.00 or more	1.00%	Annual fee on assets invested in Equities/ETF



	0.60%	Annual fee on assets invested in Mutual Funds
N/A	\$65.00	Termination Fee payable to Custodian

Advisory fees are withdrawn directly from the client's accounts with client's written authorization.

If a client terminates their investment advisory contract with Newday prior to quarter-end, the advisory fee will be pro-rated based on the portion of the quarter the account was opened, and Newday will automatically debit the amount of the fees from the assets in the account. Fees are billed in arrears therefore, no refund policy is necessary.

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).

Newday reserves the right to waive the fee or any part thereof for any period for any Client at Newday's sole discretion.

### **C. Additional Fees**

Clients incur certain charges imposed by custodians, brokers and other third parties such as fees charged by other managers, 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. Mutual funds and exchange-traded funds charge internal management fee, which are disclosed in the fund's prospectus. Such charges, fees and commissions are exclusive of an in addition to our fee, and Newday does not receive any portion of these commissions, fees or costs incurred by the client.

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

Neither Newday, nor any representatives of Newday 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, Newday may have a financial incentive to recommend the wrap fee program to clients.





## Item 5: Account Requirements and Types of Clients

Newday generally provides its wrap fee program services to the following types of clients who are U.S. citizen or Permanent U.S. residents and maintain a checking account with a U.S. bank:

### ***Digital Platform***

Individuals

### ***Premier Platform***

Individuals  
High-Net-Worth Individuals  
Charitable Organizations  
Corporations or Entities

### ***Minimum Account Size***

#### ***Digital Platform***

There is a \$5.00 account minimum in order to open an account.

#### ***Premier Platform***

Currently, there is no account minimum in order to open a Premier Platform account.

## Item 6: Portfolio Manager Selection and Evaluation

Newday directly manages the portfolios of Clients pursuant to each digital App client's Advisory Agreement and Premier Clients pursuant to the Newday Premier Advisory Agreement and in conjunction with the Adviser's instructions, as applicable.

Clients should be carefully consider Newday's services before determining whether to engage Newday.

To use Newday's services, clients inform Newday of a client's financial goals, personal information, impact interest and beliefs through Newday's application either on the digital platform or the premier platform. Based on this information, either Newday's algorithm, for digital platform clients. will recommend a portfolio comprised of the themed portfolios and cash for each client's financial goals and account type or an Adviser working with Premier Clients will recommended portfolio comprised of various investment types and/or asset classes for each client's financial goals and account type. Digital platform clients can choose to construct their own Impact Portfolios using features available through the App. Premier clients can also choose to construct their own portfolios. Each portfolio is associated with a target allocation (the "Allocation") of themed portfolios, investment types and/or assets classed depending on platform.



Newday's Investment Committee determines which themed portfolios and Assets to offer digital clients. Newday may change the specific Assets that comprise a particular portfolio or without notice to clients, clients can include or excluded any Portfolio. As described below, Advisers servicing clients on the Premier platform are responsible for the recommendation of portfolios to clients.

### ***Portfolio Strategies for Digital Platform***

Newday currently offers three investment portfolio strategies:

Newday's Conservative Portfolio: 70% fixed income portfolio and 30% equity impact themed portfolios

Newday's Moderate Portfolio: 60% fixed income portfolio and 40% equity impact themed portfolios

Newday's Aggressive Portfolio: 30% fixed income portfolio and 70% equity impact themed portfolios

All Newday's impact themed portfolio strategies reduce exposure to stocks of U.S. companies that do not meet certain environmental, social, and governance criteria. Thematic model portfolios are comprised of U.S. equities and ADRs. Newday's fixed income portfolio is comprised of a green bond ETF and impact bond mutual fund. Newday's customized portfolio strategy offers investors the opportunity to seek outperformance by taking more systematic risk at a given allocation of equities and fixed income than is possible with the Newday recommended Portfolio strategy. Newday also allows clients to choose their own area(s) of impact that are important to them by determining their own individual thematic portfolio allocation.

Clients may select any investment portfolio strategy. Clients, and not Newday, are responsible for determining whether the portfolio strategies that they select are consistent with client's goals and tolerance for risk and volatility.

Investing in securities involves risk of loss that clients should be prepared to bear. You can learn more about Newday's investment advice and methodologies on Newday's website.

### ***Premier Platform Portfolio Management***

Newday offers separate account clients on the Premier platform ongoing portfolio management services based on the individual goals, objectives, time horizon and risk tolerance of each Client. Newday Adviser creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the recommendation of a portfolio that matches



each client's specific situation. Premier platform investment services include, but are not limited to, the following:

- Investment strategy
- Personal investment policy
- Asset allocation
- Asset selection
- Risk tolerance
- Regular portfolio monitoring

Adviser evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### ***Allocation Advice***

Each Allocation corresponds to a specific set of asset classes and distribution of Assets among those asset classes. Clients are free to accept a Newday recommended Allocation or choose their own Allocation based on their own preferences or risk tolerance. Newday or Adviser will manage a client's account according to the Allocation the client sets.

When client deposit or withdraw money from their Newday account they are requesting the Newday or Adviser purchase or sell available assets within their account in amounts that reflect their desired Allocation. Similarly, when clients adjust an Allocation, Newday or Adviser will buy and sell assets to approach the desired Allocation.

#### ***Rebalancing***

In the absence of contrary direction, Newday or Adviser rebalances client portfolios at least quarterly so that each client's portfolio more closely replicate the portfolios selected. In the event a company has drastically failed certain metrics, we will immediately consider removing said company from our portfolio, regardless of the time of year.

#### ***Digital Platform Use of Algorithms***

Newday uses algorithms to advise clients and manage their accounts. These algorithms are developed, overseen and monitored by Newday personnel. When clients open a Newday account via the App, these algorithms determine Newday's recommended Allocation based on inputs from the client. Algorithms also generate advice regarding investment decisions,



including but not limited to Allocation selection, automatic rebalancing and account type selection.

When clients make deposits or withdrawals from their accounts, an algorithm determines the specific securities to trade based on a client's Allocation. These algorithms may not perform as intended for a variety of reasons, including but not limited to incorrect assumptions, changes in the market, and/or changes to data inputs. Newday may modify periodically these algorithms, or a computer system's code or underlying assumptions, and these changes may have unintended consequences.

### ***Trade Execution, Account Maintenance, and Asset Custody***

In order to open a wrap fee program accounts with Newday, clients must establish a brokerage relationship with either Apex Clearing Corporation (digital platform clients) or Schwab (Premier Platform clients), both broker-dealers registered with the SEC and a member of Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). By entering into an Advisory Agreement with Newday, clients authorize and direct Newday to place all trades in client's accounts through platform broker-dealer. As such, the broker-dealer will maintain all client accounts and execute all securities transactions in client accounts without separate commission costs or other fees, except as identified in Section 4.B. Broker-dealers exercises no discretion in determining if and when trades are placed; it places trades only at the directions of Newday. Newday procedures are designed to make every attempt to obtain the best execution possible, although there can be no assurance that it can be obtained. Clients should understand that the appointment of Broker-dealer as the sole broker for their accounts under this Wrap Fee Program may result in disadvantages to the client as a possible result of less favorable executions than may be available through the use of a different broker-dealer.

Clients should understand the Newday Wrap Fee Program is a discretionary investment advisory program, and not a self-directed brokerage service. Unlike self-directed brokerage account Newday clients do not enter individual buy or sell orders for specific securities to be executed at particular times. Rather, Newday places orders to buy and/or sell securities with custodian consistent with the discretionary authority granted to it by clients, which includes among other things, the authority to select which securities to buy or sell and when to place orders for the execution of securities.

Newday trades in client accounts for a number of reasons, including in response to client actions such as Allocation changes, deposits, or withdrawals. Newday also trades in order to rebalance client accounts, or replicate changes to the model portfolios.

Newday generally trades on the next business day in response to client accounts as noted above. However, transactions will be subject to processing delays in certain circumstances. For



example, orders initiated on non-business days and after business hours. Newday maintains a general approach of not placing securities orders during the first thirty minutes after the opening of any market session or approximately the last ninety minutes before the close of any session. Further, account deposits are automatically subject to a processing period that may be up to five business days or longer; deposit-related transactions will not occur until the next business day after this processing period is complete.

In addition, Newday reserves the right, at any time and without notice, to delay or manage trading in response to market instability. Newday may do so where it determines it is appropriate to respond to extraordinary circumstances of market instability, as evidenced by extreme instances of elevated localized volatility, insufficient or unstable market depth, price dislocation, incomplete execution, fast markets, and rapidly widening bid-ask spreads. In the event that Newday delays placing orders in response to extraordinary market volatility for greater than sixty consecutive minutes during Newday's typical trading hours of 10:00 am to 2:30 pm (eastern time), Newday will undertake to provide notice of such delay to Clients by posting a message via the App and separately to Advisers for clients on the Premier platform. Newday does not delay or manage trading based on any view about whether markets are likely to rise or fall.

Newday may, but is not required to, aggregated order involving multiple accounts trading in the same securities. In conducting these transactions no client is favored over any other client and each client that participates in an aggregated transaction will participate at the average share price for transactions in the aggregated order. Client aggregated orders resulting in less than one whole share will need to be round to a whole share. In this instance the residual share not allocated to clients will be allocated to a Newday proprietary account.

There are never any separate fees for any trade execution or custody service.

#### ***Other Information About Newday's Portfolio Management***

Newday manages all client assets on a discretionary basis.

#### ***Third Party Portfolio Managers***

Newday does not offer to clients on either the digital platform or the premier platform third-party managers.

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

Newday generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. 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.

**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. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned above).

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Treasury Inflation Protected/Inflation Linked Bonds:** The Risk of default on these 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.

**Fixed Income** is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

**Stocks & Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy).

**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 other 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.

**Fractional Share** is a share of equity that is less than one full share. Fractional share amounts are typically unrecognized and illiquid outside of the Newday digital platform and that fractional shares might not be marketable outside the Newday digital platform or transferrable to another brokerage account.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 7: Client Information Provided to Portfolio Managers**



Newday manages all client portfolios directly, there are not portfolio managers with whom Newday could share client information. However, for Clients on the Premier platform, Newday provides certain client information to clients' Adviser.

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

Digital platform clients should consider that Newday primarily uses electronic means to provide customer support. To receive customer support, clients may contact Newday via email or through the online Chat, and prospective clients should feel comfortable communicating through those channels. Clients should consider such customer support as educational in nature only, and that although the algorithms that manage client accounts are overseen, monitored, and updated by investment advisory personnel, clients participating in the Newday Digital program will generally not interact directly with such investment advisory personnel.

In addition to customer service personnel Newday provides materials related to investment decisions on our publicly available website, and the "Learn" tab, including a frequently asked questions site and the "Learn" tab, at <https://newdayimpact.com/learn/> site.

Clients on the Premier platform may schedule telephone consultations with a financial Adviser.

## **Item 9: Additional Information**

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

#### ***Disciplinary History***

Newday and its Advisers do not have any legal or disciplinary events

#### ***Other Financial Industry Activities and Affiliations***

The firm and its advisers do not have any other financial industry activities or affiliations.

#### ***Participation in Client Transactions and Possible Conflicts of Interests***

Newday and individuals associated with Newday may buy or sell securities for their personal account that are identical to or different than those recommended to clients. Newday has a personal securities trading policy in place to monitor the securities transactions and securities holdings of certain employees. This policy is intended to prevent employees from benefiting from transactions placed on behalf of advisory clients.



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

### ***Code of Ethics***

We have 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. Our Code of Ethics is available free upon request to any client or prospective client.

### ***Recommendations Involving Material Financial Interests***

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

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

From time to time, representatives of Newday. may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Newday 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. Newday 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 Newday may buy or sell securities for themselves at or around the same time as clients. Such transactions may create a conflict of interest; however, Newday will never engage in trading that operates to the client's disadvantage if representatives of Newday buy or sell securities at or around the same time as clients.

### ***Review of Accounts***

Newday provides Newday App Clients with continuous access via the web-based application to real time reporting information about their accounts status, securities holdings and balances. Clients can utilize various tools on the App to review their account and better understand their holdings and performance information. Clients also receive periodic emails from Newday with information about their accounts as well as links to account statements and confirmations.





Newday's algorithms continuously review clients' accounts to ensure their portfolios are within a set range of their Allocation. If a client's portfolio deviates from this range, Newday will rebalance back to its target Allocation in certain circumstances. Newday personnel further conduct limited reviews when triggered by certain account activity, although clients should be aware that their individual accounts are generally not actively monitored directly by investment advisory personnel.

Client are directed on at least a quarterly basis to update their information via App.

Clients using the Premier platform services, clients' agreement with their Adviser govern any additional responsibilities for conducting review of clients' accounts.

#### ***Statements Provided to Clients***

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

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

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

#### ***Client Referrals***

Newday offers compensation to current clients for referring new clients. New clients are advised of the compensation prior to opening the account. Referring clients must adhere to terms and conditions established by Newday and set forth in an agreement with Newday in accordance with Securities and Exchange Commission Rule 206(4)- 3 under the Investment Advisers Act of 1940. Referrals can only be made within the Newday application or website. Clients are not charged any fee nor do they incur any additional costs for being referred to Newday by a current client.

#### ***Termination of Advisory Relationship***

Client agreements may be canceled at any time, by either party, for any reason upon notice in accordance with the applicable Advisory Agreement. Upon termination of any account any unpaid fees will be due and payable.



### ***Voting Client Proxies***

#### ***Premier Platform***

All proxies solicited by or with respect to the issuers of securities in which Assets may be invested from time to time shall be voted by the Client. The Adviser shall have no authority or responsibility for exercising any of the foregoing rights unless otherwise agreed in writing between the Adviser and the Client.

#### ***Digital Platform***

As an investment adviser, we are shareholder advocates and have a fiduciary duty to make investment decisions that are in our clients' best interest by maximizing the value of their shares. Proxy voting is an integral part of this process, through which we support strong corporate governance structures, shareholder rights, and transparency.

We have an obligation to vote proxies in a timely manner and we apply the principles in this policy to our proxy decisions. We believe a company's environmental, social and governance ("ESG") practices may have a significant effect on the value of the company, and we take these factors into consideration when voting. Our Policy outlines our policies for proxy voting and includes a wide range of issues that often appear on proxies.

The Policy is intended for use by those involved in the proxy voting decision-making process and those responsible for the administration of proxy voting ("Proxy Managers"), in order to ensure that our proxy voting policies and procedures are implemented consistently. Copies of the Policy, our voting records, as noted below in "Voting Transparency", and other related documents can be found on our website ([www.newdayimpact.com](http://www.newdayimpact.com)).

#### ***Research Decision Making***

We approach our proxy voting responsibilities with the same commitment to rigorous research and engagement that we apply to all of our investment activities. The different investment philosophies utilized by our investment team may occasionally result in different conclusions being drawn regarding certain proposals and, in turn, may result in the Proxy Manager making different voting decisions on the same proposal. Nevertheless, the Proxy Manager votes proxies with the goal of maximizing the value of the securities in client portfolios.

#### ***Engagement***



In evaluating proxy issues and determining our votes, we welcome and seek out the points of view from the Chief Investment Officer, and/or Research Analysts.

### ***Proxy Voting Guidelines***

Our proxy voting guidelines are both principles-based and rules-based. We adhere to a core set of principles that are described in the Policy. We assess each proxy proposal in light of these principles. We believe that authority and accountability for setting and executing corporate policies, goals and compensation generally should rest with the board of directors and senior management. In return, we support strong investor rights that allow shareholders to hold directors and management accountable if they fail to act in the best interests of shareholders. Our proxy voting guidelines pertaining to specific issues are set forth in the Policy and include guidelines relating to board and director proposals, compensation proposals, capital changes and anti-takeover proposals, auditor proposals, shareholder rights and governance proposals, and environmental, social and disclosure proposals. We generally vote proposals in accordance with these guidelines but, consistent with our “principles-based” approach to proxy voting, we may deviate from the guidelines if warranted by the specific facts and circumstances of the situation (i.e., if, under the circumstances, we believe that deviating from our stated policy is necessary to help maximize long-term shareholder value). In situations where our policy is case-by-case, the Policy often provides criteria that will guide our decision. In situations where our policy on a particular issue is case-by-case and the vote cannot be clearly decided by an application of our stated policy, a member of the Committee or his/her designee will make the voting decision in accordance with the basic principle of our policy to vote proxies with the intention of maximizing the value of the securities in our client accounts. Where appropriate, the views of investment professionals are considered. In addition, these guidelines are not intended to address all issues that may appear on all proxy ballots. Proposals not specifically addressed by these guidelines, whether submitted by management or shareholders, will be evaluated on a case-by-case basis, always keeping in mind our fiduciary duty to make voting decisions that, by maximizing long-term shareholder value, are in our clients’ best interests. Lastly, we may choose to abstain on certain case-by-case items involving strategic decisions for positions held in purely passive portfolios as the cost of making an affirmative decision (time, resources, etc.) outweighs the effect of such an election on the value of the investment.

### ***Conflicts of Interest***

We recognize that there may be a potential material conflict of interest when we vote a proxy solicited by an issuer with whom we or an employee has another business or personal relationship that may affect how we vote on the issuer’s proxy. In order to avoid any perceived or actual conflict of interest, we have established procedures for use when we encounter a potential conflict to ensure that our voting decisions are based on our clients’ best interests and are not the product of a conflict. These procedures include compiling a list of companies and



organizations whose proxies may pose potential conflicts of interest and reviewing our proposed votes for these companies and organizations in light of the Policy and ISS's recommendations. If our proposed vote is contrary to, or not contemplated in the Policy, is consistent with a client's position and is contrary to ISS's recommendation, we convene management to review and make a determination how to vote in the best interest of the client. In addition, the Compliance takes reasonable steps to verify that ISS continues to be independent, including an annual review of ISS's conflict management procedures. When reviewing these conflict management procedures, we consider, among other things, whether ISS (i) has the capacity and competency to adequately analyze proxy issues; and (ii) can offer research in an impartial manner and in the best interests of our clients.

### ***Research Services***

We subscribe to the corporate governance and proxy research services of Institutional Shareholder Services ("ISS"). All our investment professionals can access these materials via the Proxy Manager.

### ***Confidential Voting***

Newday supports confidentiality before the actual vote has been cast. Employees are prohibited from revealing how we intend to vote except to (i) the Research Analyst; and (ii) clients, upon request, for the securities held in their portfolios.

### ***Fractional Share Votes***

Votes cast for fractional shares will be aggregated with other votes cast for shares and will be voted to the extent that they total a full share. The remaining fractions will not be voted.

### ***Voting Transparency***

We publish our voting records on our Internet site ([www.newdayimpact.com](http://www.newdayimpact.com)) quarterly, 30 days after the end of the previous quarter.

### ***Recordkeeping***

All of the records referenced in our Policy are kept in an easily accessible place for at least the length of time required by local regulation and custom, and, if such local regulation requires that records are kept for less than five years from the end of the fiscal year during which the last entry was made on such record, we follow the U.S. rule of five years. We maintain the vast majority of these records electronically.

### ***Further Information Availability***



Clients may obtain a copy of our Proxy Voting and Governance Policy and information about how we voted with respect to their securities by writing to: Newday Funds Inc. Attn: Chief Compliance Officer, 735 Montgomery Street, San Francisco, CA 94111.

### ***Privacy Policy***

Newday is committed to protecting our clients' private information. Newday has instituted policies and procedures to ensure that customer information is kept private and secure. Newday does not disclose any non-public personal information about its customers or former customers to any non-affiliated third parties except as required by or permitted by law or agreed to by the client or as otherwise disclosed in Newday's Privacy Policy. In the course of servicing a client account, Newday may share some information with its service providers, such as transfer agents, and custodians. Newday restricts internal access to non-public personal information to those employees who need access to such information in order to provide products or services to a particular client. Newday maintains physical, electronic, and procedural safeguards to protect client information.

A copy of Newday's Privacy Policy is available on the Newday website at: <https://newdayimpact.com/privacy-policy/>

### ***Balance Sheet***

Newday does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

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

To the best of Newday's knowledge, neither Newday nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

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

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

### ***Subject to Change***

From time to time Newday may adjust its wrap fee program and policies. In the event of such changes this brochure will be modified as needed and an updated copy will be made available on the Newday website.





Brochure Supplement

Form ADV Part 2B

Item 1 - Cover Page

**Douglas Charles Heske**

CRD #1458182

Of

**Newday Funds, Inc.**

CRD # 174758

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San Francisco, CA 94133

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January 1, 2018

This Brochure Supplement provides information about Douglas ("Doug") Heske, and supplements the Newday Funds, Inc. ("Newday") Brochure. You should have received a copy of that Brochure. Please contact us at (415) 662-3702, if you did not receive Newday's Brochure, or if you have any questions about the contents of this Supplement. Additional information about Doug is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).



## **Item 2 - Educational Background and Business Experience**

Prior to joining Newday, Douglas Charles Heske (born 1962) served as the head of Private Client Services for Stifel Nicolaus in San Francisco (2011 - 2016) as well as the COO and Head of Wealth Management for Nollenberger Capital Partners and subsequently Sterne Agee (2004 - 2011). Prior to his role at Nollenberger, he was the Regional Managing Director of Wealth Management with Piper Jaffray & Co. (1993 - 2004). He is a graduate of Rhode Island University with a Bachelor of Science in Finance.

## **Item 3 - Disciplinary Information**

Mr. Heske was the subject of a consumer initiated arbitration in 1993, which was settled by the firm based on a cost-of-defense analysis. Mr. Heske was not required to participate in the settlement. You may review disciplinary history at the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or the BrokerCheck website at <http://brokercheck.finra.org>.

## **Item 4 - Other Business Activities & Additional Compensation**

Mr. Heske serves as a director and executive committee member for the San Francisco Child Abuse Prevention Center (2010 - present) a non-profit organization. He does not receive any compensation for this role and his activities with this charity do not conflict with his role as the CEO Newday and do not regularly require his attention during regular business hours.

## **Item 6 - Supervision**

Mr. Heske's activities on behalf of the firm and clients are maintained according to the highest of professional standards. Should you have any questions or concerns regarding these standards, please contact Mr. Heske's supervisor, the Firm's Chief Compliance Officer, Denise Rusnak at (415)952-6992..