

## Item 1: Cover Page

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# **bfinance US Limited** **Form ADV Part 2A** **Investment Adviser Brochure**

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This Brochure provides information about the qualifications and business practices of bfinance US Limited (“we”, “us”, “our”). If you have any questions about the contents of this Brochure, please contact David Vafai, Chief Executive Officer and Chief Compliance Officer, at +44 (207) 747-8621 or [dvafai@bfinance.com](mailto:dvafai@bfinance.com).

Additional information about our Firm is also available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). 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.

We are a registered investment adviser. Please note that use of the term “registered investment advisor” and a description of the Firm and/or our employees as “registered” does not imply a certain level of skill or training. For more information on the qualifications of the Firm and our employees who advise you, we encourage you to review this Brochure and the Brochure Supplement(s).

## Item 2: Summary of Material Changes

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In this Item of bfinance US Limited's ("bfinance" or the "Firm", "we", "us", "ours") Form ADV 2, we are required to discuss any material changes that have been made to Form ADV since the last Annual Amendment.

### **Material Changes since the Last Update**

The Firm has the following Material Change since our last Annual Amendment filing on June 28, 2023:

- This Form was updated to disclosure common ownership with another FINRA member broker/dealer firm, Redbridge Global Markets, LLC. Please see Item 10 (Other Financial Industry Activities and Affiliations).

### **Annual Update**

You will receive a summary of any material changes to our Form ADV brochure within 120 days of our fiscal year end. We may also provide updated disclosure information about material changes on a more frequent basis. Any summaries of changes will include the date of the last annual update of the ADV.

### **Full Brochure Available**

Our Form ADV may be requested at any time, without charge by contacting David Vafai, Chief Executive Officer and Chief Compliance Officer, at +44 (207) 747-8621 or [dvafai@bfinance.com](mailto:dvafai@bfinance.com). Additional information about the Firm is also available via the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any employees affiliated with the Firm who are registered as investment adviser representatives.

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## Item 4: Advisory Business

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### **Firm Information**

Bfinance US Limited (“bfinance”, the “Firm”, “we”, “us”, “ours”) is an independent, privately-owned financial services firm that is based in London, United Kingdom. In 2017, the Firm opened an office in Chicago, Illinois. David Vafai is Co-Founder of bfinance and serves as Chief Executive Officer and Chief Compliance Officer. The Firm is also registered with the SEC as a broker-dealer and the Firm and its principals are registered with the Financial Industry Regulatory Authority (“FINRA”). The Firm is a wholly owned subsidiary of bfinance International Limited, which also owns bfinance UK Limited. David Vafai is also Chief Executive Officer of bfinance International Ltd. and a Director of bfinance UK Limited.

### **Types of Advisory Services**

We provide customized investment research to companies and institutional investors. The Firm offers investment strategy design, development and review, investment manager search and analysis. It serves public and corporate pension funds, insurance companies, and financial institutions, as well as endowments, foundations, and family offices and sovereign wealth funds.

### **Tailored Relationships**

We tailor advisory services to the individual needs of the client.

### **Assets Under Management**

As of June 12, 2023, we managed no assets under management (as defined by the SEC) on either a discretionary basis or non-discretionary basis.

## Item 5: Fees and Compensation

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### **Manager search and selection services**

No fees are typically charged to our clients for the Firm's manager search and selection process. The fee to us is paid by the winning manager upon the funding. The fee paid by the winning manager to the Firm is a fixed fee expressed in basis points and is applied to new inflows of cash over the first three years. We believe that having a fixed fee reduces potential conflicts of interest in the search process since the Firm will receive the same fee regardless of which manager is chosen. The fee to be paid by the winning manager is disclosed to the client and to all participating managers, prior to bfinance undertaking the search.

### **Other services**

Other services provided to the Firm's clients, such as one-off advisory projects, are typically charged on a flat one-off fee basis, whereas ongoing performance and risk monitoring services are charged on a quarterly fee basis. The level and timing of the fees depend on the nature of the work done and the service provided.

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

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We do not charge performance-based fees to clients. As described in Item 5 above, our clients are not charged fees for the Firm's manager search and selection services. We believe it has addressed potential conflicts because our fee remains the same regardless of which manager is chosen, which allows us to choose managers based solely on the client's best interests.

## Item 7: Types of Clients

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### **Types of Clients**

We provide customized investment research and advice to institutional investors, including, but not limited to, insurance companies, pension plans, sovereign wealth funds, endowments, foundations, and family offices. Clients are typically limited to institutions and other professional investors.

### **Account Minimum**

As we do not manage client accounts, we have no minimum account size.

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

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We are an independent, privately-owned, financial services firm that combines specialist expertise with a global perspective to help institutional investors develop, implement, and manage bespoke investment programs.

**Manager selection** is a critical step in implementing any investment program. Building the portfolio most likely to achieve certain financial goals requires getting two things right. First, you need to identify the right asset allocation. Second, you must implement that asset allocation in the right way. For many investors, implementing an asset allocation involves hiring professional managers. Our process of manager research and selection is formal, structured and repeatable to create comparative data points across institutions and asset managers. We lead bespoke manager selections across all asset classes.

Our **Portfolio Solutions** include Fee Benchmarking and Negotiation, Enhanced Monitoring, and proprietary Risk Analytics. We spend time to understand our clients up front in order to deliver useful information and qualitative insight. Monitoring includes developing customized reporting structures and performance assessment criteria for each investor. Fee Benchmarking delivers clear, customizable assessments of the fees that clients are paying to asset managers. Our Risk Analytics enables our clients to track exposures, make more informed investment decisions and improve diversification. Reports provide detailed risk attribution and customized alerts reflecting clients' specific risk limits, while ongoing risk advisory is also available.

### **Methods of Analysis**

In conducting manager search services for clients, we tailor the process to a client's requirements, but also follow a systematic process which includes:

- Mandate definition
- Market Screening
- Absolute Screening (First Stage)
- Relative Screening (Second Stage)
- Due Diligence
- Client Decision

While we perform extensive analysis and make every effort to help our clients select appropriate managers, investment strategies are subject to risks and there is no assurance that the Firm's research process will ultimately result in managers who execute successful investment strategies. The descriptions contained below are a brief overview of certain risks related to our advisory services; however, they are not intended to serve as an exhaustive list or a comprehensive description of all risks that could arise in connection with the Firm's services.

### **Risk of Loss**



**All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. You should be prepared to bear the following risks of loss:**

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties (i.e., Non-traded REITs and other alternative investments) are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Cybersecurity Risk:** A breach in cyber security refers to both intentional and unintentional events that may cause an account to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause an account to incur regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures, and/or financial loss.
- **Pandemic Risk:** Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption.

- **Custodial Risk:** This risk is the probability that a party to a transaction will be unable or unwilling to fulfill its contractual obligations either due to technological errors, control failures, malfeasance, or potential regulatory liabilities.

## **Item 9: Disciplinary Information**

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There have never been any legal, regulatory, or disciplinary actions against the Firm or our management persons.

## Item 10: Other Financial Industry Activities and Affiliations

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### **Financial Industry Activities – Broker-Dealers**

As mentioned previously, we are also registered with the SEC as a broker-dealer and the Firm, and its principals are registered with FINRA. The Firm, however, conducts limited activity as a broker dealer, has no referral or financial arrangements with other brokers or dealers, and does not believe that its registration as a broker-dealer poses any material conflicts of interest to its advisory clients. As also mentioned previously, the Firm is in common ownership with bfinance UK Limited. The Firm does not believe that material conflicts of interest result from this relationship.

David Vafai, Chief Executive Officer and Chief Compliance Officer is an indirect majority owner of Redbridge Global Markets, LLC, a FINRA member broker/dealer.

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

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### **Code of Ethics**

Our employees must comply with a Code of Ethics and Statement for Insider Trading (the “Code”). The Code describes our high standard of business conduct, and fiduciary duty to our clients. The Code’s key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Our employees must acknowledge the terms of the Code at least annually, and any employee not in compliance with the Code may be subject to termination.

### **Personal Trading Practices**

Both the Firm and our employees may invest in the same securities the securities clients invest in, however as we do not recommend securities nor manage portfolios, this is not considered a conflict of interest.

## **Item 12: Brokerage Practices**

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This item is not applicable to our advisory services because the Firm is not involved in executing securities transactions on behalf of clients.

## Item 13: Review of Accounts

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### **Reviews**

We are typically engaged to perform manager searches as described above. We typically provide reports on the search including suitability analysis and a more in depth qualitative and quantitative evaluation. These reports are provided throughout the engagement.

## Item 14: Client Referrals and Other Compensation

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### **Compensation – Client Referrals**

Affiliated and Unaffiliated persons or entities (“Promoters”) may occasionally refer, solicit, or introduce clients to our Firm. In return, we may agree to compensate the Promoter for the referral. This compensation will be made consistent with the requirements of the Investment Advisers Act of 1940 and applicable state/local laws and regulations. Compensation to the Promoter is dependent on the prospective client entering into an advisory agreement with us for advisory services. Compensation to the Promoter will be an agreed-upon percentage of our advisory fee which can be a one-time fee or recurring, pursuant to a written agreement retained by both our Firm and the Promoter.



## **Item 15: Custody**

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We do not maintain custody of cash or securities for any client.

## **Item 16: Investment Discretion**

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We do not have discretionary authority to manage assets for clients.

## Item 17: Voting Client Securities

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### **Proxy Voting**

We do not have any authority to and do not vote proxies on behalf of clients, nor do we make any express or implied recommendation with respect to voting proxies. Clients retain the sole responsibility for receiving and voting proxies that they receive directly from either their custodian or transfer agents. Clients may contact us for information about proxy voting.

## **Item 18: Financial Information**

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We have never filed for bankruptcy and are not aware of any financial condition that is likely to impair our ability to provide services to clients.