



# Effective Assets

## Invest to Change the World

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Effective Assets, Inc.

2342 Shattuck Avenue, # 366  
Berkeley, CA 94704

### **Form ADV Part 2A – Firm Brochure**

(510) 549-2525

Dated January 23, 2024

This Brochure provides information about the qualifications and business practices of Effective Assets, Inc., “Effective Assets”. If you have any questions about the contents of this Brochure, please contact us at (510) 549-2525. 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.

Effective Assets, Inc. is registered as an Investment Adviser with the U.S. Securities and Exchange Commission. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Effective Assets is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using the firm’s identification number (CRD) 285744.

## Item 2: Material Changes

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Since the last annual filing of this Form ADV Part 2A, dated March 3, 2023, there have been no material changes. Please note that this item only discusses changes we consider material and no other changes that have occurred.

# Item 3: Table of Contents

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# Item 4: Advisory Business

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## Description of Advisory Firm

Effective Assets, Inc. is registered as an Investment Adviser with the U.S. Securities and Exchange Commission. We were founded in November 2016. Justin Martello is the principal owner of Effective Assets. As of December 31, 2023, we manage \$133,173,985 on a discretionary basis and \$7,381,965 on a non-discretionary basis.

## Types of Advisory Services

### Investment Advisory Services and Third-Party Investment Management

We are in the business of advising on individually tailored, socially responsible investment portfolios. Our firm provides continuous discretionary investment supervisory services to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy or an investment plan with an asset allocation target and recommend and advise on a portfolio based on that policy and allocation target. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, social policy, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

Account supervision is guided by the stated objectives of the client (e.g., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions, including but not limited to generally recognized screening policies, focused on environmental, social, and corporate governance factors, and adhere to specific social policy guidance on investing in certain securities, types of securities, or industry sectors. Fees pertaining to this service are outlined in Item 5 of this brochure.

As part of this service, we may employ the use of unaffiliated sub-advisers to manage either a portion of, or the entirety of, a client's investment portfolio, or act as a co-advisor with a third-party money manager ("Outside Manager"). Our review process and analysis of sub-advisers and Outside Managers is further discussed in Item 8 of this Form ADV Part 2A. Additionally, we will meet with the client on a periodic basis to discuss changes in their personal or financial situation, suitability, and any new or revised restrictions to be applied to the account. Fees pertaining to this service are outlined in Item 5 of this brochure. We may also recommend alternative funds to clients, when suitable, for investment.

### Investment Advice Relating to Retirement Accounts

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice).

- Never put our financial interests ahead of yours when making recommendations (give loyal advice).
- Avoid misleading statements about conflicts of interest, fees, and investments.
- Follow policies and procedures designed to ensure that we give advice that is in your best interest.
- Charge no more than is reasonable for our services.
- Give you basic information about conflicts of interest.

In addition, and as required by this rule, we provide information regarding the services that we provide to you, and any material conflicts of interest, in this brochure and in your client agreement.

## **Financial Planning**

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information, and analysis will be considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

The client always has the right to decide whether to act upon our recommendations. If the client elects to act on any of the recommendations, the client always has the right to affect the transactions through anyone of their choosing.

In general, the financial plan will address any or all the following areas of concern. The client and advisor will work together to select the specific areas to cover. These areas may include, but are not limited to, the following:

- **Cash Flow and Debt Management:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as savings accounts, money market funds or community investment notes) for such reserves, plus strategies to save desired amounts.
- **College Savings:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to grandchildren (if appropriate).
- **Employee Benefits Optimization:** We will provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.

- **Estate Planning:** This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts.

We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time-to-time, we will participate in meetings or phone calls between you and your attorney with your approval or request.

- **Financial Goals:** We will help clients identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal.
- **Insurance:** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **Investment Analysis:** This may involve developing an asset allocation strategy to meet clients' financial goals and risk tolerance, providing information on investment vehicles and strategies, reviewing employee stock options, as well as assisting you in establishing your own investment account at a selected custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.
- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (e.g., working longer, saving more, spending less, taking risk with investments).

If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

- **Risk Management:** A risk management review includes an analysis of your exposure to major risks that could have a significantly adverse effect on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance ("self-insuring").
- **Tax Planning Strategies:** Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their "tax efficiency," with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may affect your situation.

We recommend that you consult with a qualified tax professional before initiating any tax planning strategy, and we may provide you with contact information for accountants or attorneys who specialize in this area if you wish to hire someone for such purposes. We will participate in meetings or phone calls between you and your tax professional with your approval.

### **Newsletters**

Effective Assets will periodically (generally quarterly) publish newsletters relating to investments and financial planning. Effective Assets does not charge a fee for these newsletters.

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

We offer the same suite of services to all our clients. However, specific client financial plans and their implementation are dependent upon a client's suitability questionnaires, social policy questionnaires, and investment policy statement, which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

### **Wrap Fee Programs**

We do not participate in wrap fee programs but may use Sub-Advisers who do. In the event a client is using a Sub-adviser who participates in wrap fee programs, they will receive the Sub-adviser's Wrap Program Brochure in addition to its Form ADV Part 2.

# Item 5: Fees and Compensation

Please note, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees and without penalty. How we are paid depends on the type of advisory service we are performing. Please review the fee and compensation information below.

## Investment Advisory Services and Third-Party Investment Management

Our standard advisory fee is based on the market value of the assets under management and is calculated as follows:

Account Value	Annual Advisory Fee	
	Individual Bonds	Stocks and Funds
First \$500,000	0.75%	1.25%
Next \$500,000	0.75%	1.10%
Next \$2,000,000	0.75%	1.00%
Next \$2,000,000	0.75%	0.90%
Next \$5,000,000	0.75%	0.75%
Next \$10,000,000	0.65%	0.65%
\$20,000,000 and Above	Negotiable	Negotiable

The annual fees include advisory fees paid to any sub-advisers and are negotiable and are paid in arrears on a quarterly basis based on the average daily balance. The advisory fee is a blended fee and is calculated by assessing the percentage rates using the predefined levels of assets as shown in the above chart, resulting in a combined weighted fee. For example, a stock and fund account valued at \$2,000,000 would pay an effective fee of 1.09% with the annual fee of \$21,750.00. The quarterly fee is determined by the following calculation:  $((\$500,000 \times 1.25\%) + (\$500,000 \times 1.10\%) + (\$1,000,000 \times 1.00\%)) \div 4 = \$5,437.50$ . No increase in the annual fee shall be effective without agreement from the client by signing a new agreement or amendment to their current advisory agreement.

Advisory fees are directly debited from client accounts, or the client may choose to pay by check. Accounts initiated or terminated during a billing period will be charged a pro-rated fee based on the amount of time remaining in the billing period. An account may be terminated with written notice at least 15 calendar days in advance. Since fees are paid in arrears, no rebate will be needed upon termination of the account.

### Orion Portfolio Solutions, LLC

We do have existing clients where we are co-advisors with Orion Portfolio Solutions, LLC where the client signs and agreement both with us and Orion. We no longer offer their services to new accounts. For accounts in which Orion Portfolio Solutions, LLC acts as the Outside Manager, the Total Client Fee consists of an Administration



Fee, a Strategist Fee, and an Advisory Fee, is based on the market value of the account, and is calculated as follows:

Account Value	Advisory Fee	Orion Portfolio Solutions Fee	Strategist Fee	Total Client Fee
<b>\$0 - \$50,000.00</b>	0.85%	0.45%	.10%	1.40%
<b>\$50,000.01 - \$100,000.00</b>	0.85%	0.30%	.10%	1.25%
<b>\$100,000.01 - \$500,000.00</b>	0.85%	0.20%	.10%	1.15%
<b>\$500,000.01 - \$1,000,000.00</b>	0.85%	0.15%	.10%	1.10%
<b>\$1,000,000.01 - \$5,000,000.00</b>	0.85%	0.10%	.10%	1.05%
<b>Over \$5,000,000.00</b>	0.85%	0.08%	.10%	1.03%

This fee will be deducted from your account monthly in arrears and is based on the average daily balance for the previous month. If your account was not open for the entire month, then the fee will be pro-rated.

Please note, the above fee schedule includes Effective Assets advisory fee. No increase in the annual fee shall be effective without agreement from the client by signing a new agreement or amendment to their current advisory agreement.

An account may be terminated with written notice. Since fees are paid in arrears, not in advance, no refund will be needed upon termination of the account.

## **Alternative Investments including Direct Participation Programs (DPPs) & Private Equity Funds**

Our standard advisory fee is based on the market value of the assets invested in the fund and is 1.00% per year. The annual fees are negotiable, are paid in arrears monthly from the distributions of the fund(s) by the fund administrator, and remitted to Effective Assets, Inc. Alternatively, the client may pay Effective Assets, Inc. directly.

## **Financial Planning Fixed Fee**

Financial Planning will generally be offered on a fixed fee basis. The fixed fee will be agreed upon before the start of any work. The fixed fee can range between \$1,500 and \$3,000 depending on complexity and client needs. The fee is negotiable and payable by check. If a fixed fee program is chosen, half of the fee is due at the beginning of the process and the remainder is due at completion of work, however, Effective Assets will not bill an amount above \$500.00 more than 6 months in advance. In the event of early termination, the client will be billed for the hours worked at a rate of \$200 per hour. If the initial deposit is greater than the amount billed, then the client will be refunded the difference. If the initial deposit is less, then the client will be billed the difference.

## Financial Planning Hourly Fee

The Financial Planning fee is an hourly rate of \$200 per hour, depending on complexity. Clients are billed for the actual time spent by our firm, assessed in 15-minute increments, and a partial increment will be treated. The fee may be negotiable in certain cases and is due at the completion of the engagement and is payable by check. In the event of early termination by the client, any fees for the hours already worked will be due, and any completed planning work will be provided to the client. Since fees are paid at completion, there will be no refund of fees.

## Other Types of Fees and Expenses

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, 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 fund and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for client's transactions and determining the reasonableness of their compensation (e.g., commissions).

We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

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

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We do not offer performance-based fees.

## Item 7: Types of Clients

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We provide financial planning and portfolio management services to individuals, high net-worth individuals, trusts, pensions and profit-sharing plans, charitable organizations, corporations, or other businesses. Our minimum client household account size requirement is \$1,000,000.

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

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## Evaluation of Third-Party Investment Advisers and Investment Companies

We utilize investment companies in our investment management and refer clients to third-party investment advisers (“Sub-Advisers”). We prefer to invest client assets with managers who have demonstrated a capability for integrating analysis of environmental, social, and governance (ESG) factors into the investment process. Our analysis of Sub-Advisers involves the examination of the experience, expertise, investment philosophies, and past performance of the Sub-Advisers to determine if that manager has demonstrated an ability to invest over a period and in different economic conditions. We monitor the manager’s underlying holdings, strategies, concentrations, and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager’s compliance and business enterprise risks. A risk of investing with a Sub-Adviser who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a Sub-Adviser’s portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager’s daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory, or reputational deficiencies.

## Material Risks Involved

**All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear.** Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment’s current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer’s operations or its financial condition.

**Strategy Risk:** The Adviser’s investment strategies and/or investment techniques may not work as intended.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client’s portfolio.

**Turnover Risk:** At times, the strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover would result in correspondingly greater brokerage commission expenses and may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account’s performance.

**Limited markets:** Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions we may be unable to sell or liquidate investments at prices we consider reasonable or favorable or find buyers at any price.

**Concentration Risk:** Certain investment strategies focus on asset-classes, industries, sectors or types of investment. From time to time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

## **Risks Associated with Securities**

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Common stocks** may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Corporate Bonds** are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero-coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time a bond's maturity, the greater its interest rate risk.

**Municipal Bonds** are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

**Investment Companies Risk.** When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide

“circuit breakers” (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which clients invest.

**Direct Participation Programs (DPPs) – Risks involved in DPP investing may include:**

- following the sale or distribution of assets an investor may receive less than their principal invested,
- a lack of a public market in certain issues,
- limited liquidity and transferability,
- a fluctuation of value of the assets within the DPP,
- reliance on the investment manager to select and manage assets,
- changes in interest rates, laws, operating expenses, and insurance costs,
- tenant turnover in Real Estate Investment Trusts, and
- current market conditions.

**Private Equity Fund Risk.** Unlike mutual funds, which generally invest in publicly traded securities that are relatively liquid, private equity funds generally invest in large amounts of illiquid securities from private companies. Funds will have illiquid underlying investments that may not be easily sold, and investors may have to wait for improvements or development before any redemption. Given the illiquid nature of the underlying purchases made by private equity managers, private equity funds are considered long-term investments. With long-term investments, clients should consider their financial ability to bear large fluctuations in value and hold these investments over a number of years.

## Item 9: Disciplinary Information

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### **Criminal or Civil Actions**

Effective Assets and its management have not been involved in any criminal or civil action.

### **Administrative Enforcement Proceedings**

Effective Assets and its management have not been involved in administrative enforcement proceedings.

### **Self-Regulatory Organization Enforcement Proceedings**

Effective Assets and its management have not been involved in legal or disciplinary events that are material to a client’s or prospective client’s evaluation of Effective Assets or the integrity of its management.

## Item 10: Other Financial Industry Activities and Affiliations

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No Effective Assets employee is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

No Effective Assets employee is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor.

Effective Assets receives compensation from First Affirmative for marketing, distribution, and administrative costs in relation to client investment in The First Affirmative Giving Fund, a donor advised fund owned and administered by Impact Assets, Inc., an independent 501(c)3 organization.

Justin Martello is licensed to sell life, long-term care and long-term disability insurance and may engage in product sales with our clients, for which he will receive compensation in the form of commissions. Any commissions received through insurance product sales are separate and distinct from advisory fees that clients may pay for advisory services under Effective Assets.

## **Recommendations or Selections of Other Investment Advisers**

Effective Assets employs sub-advisers to manage client accounts. Effective Assets compensates these sub-advisers out of its advisory fee. All situations where Effective Assets receives payment for services creates a conflict of interest and Effective Assets has a financial incentive to employ sub-advisers that charge less for their services. However, when employing sub-advisers, the client's best interest and suitability of the sub-advisers will be the main determining factors of Effective Assets. Effective Assets will only recommend another investment adviser who is properly licensed or registered as an investment adviser.

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

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As a fiduciary, our firm and its associates have a duty of utmost good faith to act solely in the best interests of each client. Our clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all our dealings. The firm also adheres to the Code of Ethics and Professional Responsibility adopted by the CFP® Board of Standards Inc. and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities. Additionally, Effective Assets requires adherence to its Insider Trading Policy.

## **Code of Ethics Description**

This code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions will not shield associated persons from liability for personal trading or other conduct that violates a fiduciary duty to advisory clients. A summary of the Code of Ethics' Principles is outlined below.

- Integrity - Associated persons shall offer and provide professional services with integrity.
- Objectivity - Associated persons shall be objective in providing professional services to clients.
- Competence - Associated persons shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which they are engaged.

- Fairness - Associated persons shall perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- Confidentiality - Associated persons shall not disclose confidential client information without the specific consent of the client unless in response to proper legal process, or as required by law.
- Professionalism - Associated persons' conduct in all matters shall reflect credit of the profession.
- Diligence - Associated persons shall act diligently in providing professional services.

We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually. Our firm will provide of copy of its Code of Ethics to any client or prospective client upon request.

## **Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Neither our firm, its associates or any related person is authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

## **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Our firm and its "related persons" do not invest in the same securities, or related securities, e.g., warrants, options or futures, which we recommend to clients.

## **Trading Securities at/Around the Same Time as Client's Securities**

Because our firm and its "related persons" do not invest in the same securities, or related securities, e.g., warrants, options or futures, which we recommend to clients, we do not trade in securities at or around the same time as clients.

# **Item 12: Brokerage Practices**

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## **Factors Used to Select Custodians and/or Broker-Dealers**

Effective Assets, Inc. does not have any affiliation with Broker-Dealers. Specific custodian recommendations are made to client based on their need for such services. We recommend custodians based on the reputation and services provided by the firm.

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

We currently do not receive soft dollar benefits.

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

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

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

We do recommend a specific custodian for clients to use, however, clients may custody their assets at a custodian of their choice. Clients may also direct us to use a specific broker-dealer to execute transactions. By allowing clients to choose a specific custodian, we may be unable to achieve most favorable execution of client transaction, and this may cost clients' money over using a lower-cost custodian.

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

Investment advisers may elect to purchase or sell the same securities for several clients at approximately the same time when they believe such action may prove advantageous to clients. This process is referred to as aggregating orders, batch trading or block trading. We do not engage in block trading. It should be noted that implementing trades on a block or aggregate basis may be less expensive for client accounts; however, it is our trading policy is to implement all client orders on an individual basis. Therefore, we do not aggregate or "block" client transactions. Considering the types of investments, we hold in advisory client accounts, we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

Sub-Advisers used by Effective Assets may block client trades at their discretion. Their specific practices are further discussed in their ADV Part 2A, Item 12. In addition, since Effective Assets does not trade client accounts, we do not aggregate trades.

## Item 13: Review of Accounts

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Client accounts with the Investment Management Service will be reviewed regularly on a quarterly basis by Justin Martello, Financial Planner and CCO. The account is reviewed with regards to the client's investment policies and risk tolerance levels. Events that may trigger a special review would be unusual performance, addition or deletions of client-imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per client's needs.

Clients will receive trade confirmations from the custodian(s) for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements from their custodian showing all activity in the accounts, such as receipt of dividends and interest.

Effective Assets will not provide written reports to Investment Management clients.

## Item 14: Client Referrals and Other Compensation

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We do not receive any economic benefit, directly or indirectly from any third party for advice rendered to our clients. Nor do we directly or indirectly compensate any person who is not advisory personnel for client referrals.



Third part managers recommended by us and contracted by our clients are properly registered in jurisdictions where required.

## Item 15: Custody

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Effective Assets does not accept custody of client funds. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements or reports that we may provide to you. Our statements or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

**Standing Letters of Authorization:** Effective Assets does maintain a standing letter of authorization (SLOA) where the funds or securities are being sent to a third party, and the following conditions are met:

- a. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- b. The client authorizes Effective Assets, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- c. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- d. The client has the ability to terminate or change the instruction to the client's qualified custodian.
- e. Effective Assets has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- f. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.
- g. Effective Assets maintains records showing that the third party is not a related party of Effective Assets or located at the same address as Effective Assets.

## Item 16: Investment Discretion

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For those client accounts where we provide investment management services, we maintain discretion over client accounts with respect to the hiring or firing of sub-advisers. Discretion is explained to clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the client will grant our firm manager selection over the account. Additionally, the discretionary relationship will be outlined in the

advisory contract and signed by the client. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

## Item 17: Voting Client Securities

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Effective Assets does not vote Client proxies. Clients, or the Sub-Adviser(s), will maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

## Item 18: Financial Information

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Registered Investment Advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding. Additionally, we do not require or solicit prepayment of more than \$1,200 in fees per client six months in advance.



# Effective Assets

## Invest to Change the World

Effective Assets, Inc.

2342 Shattuck Avenue, # 366  
Berkeley, CA 94704

(510) 549-2525

Dated January 23, 2024

Form ADV Part 2B – Brochure Supplement

*For*

**Justin Everett Martello**

Financial Planner, and Chief Compliance Officer

This brochure supplement provides information about Justin Martello that supplements the Effective Assets, Inc. (“Effective Assets”) brochure. A copy of that brochure precedes this supplement. Please contact Justin Martello if the Effective Assets brochure is not included with this supplement or if you have any questions about the contents of this supplement.

Additional information about Justin Martello is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using the identification number (CRD) 4751869.

# Item 2: Educational Background and Business Experience

**Justin Everett Martello**

Born: 1973

## Educational Background

- 2009 – Certified Financial Planner™ Practitioner, College for Financial Planning
- 1995 – Bachelor of Science – Natural Resources, University of Michigan

## Business Experience

- 10/2016 – Present, Effective Assets, Inc., Financial Planner and CCO
- 01/2012 – 12/2017, Effective Assets, Financial Planner
- 01/2007 – 12/2011, Cambridge Investment Research, Inc., Registered Representative
- 08/2005 – 12/2006, Hornor, Townsend & Kent, Inc., Registered Representative

## Professional Designations, Licensing & Exams

### **CERTIFIED FINANCIAL PLANNER™ professional**

I am certified for financial planning services in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”). Therefore, I may refer to myself as a CERTIFIED FINANCIAL PLANNER™ professional or a CFP® professional, and I may use these and CFP Board’s other certification marks (the “CFP Board Certification Marks”). The CFP® certification is voluntary. No federal or state law or regulation requires financial planners to hold the CFP® certification. You may find more information about the CFP® certification at [www.cfp.net](http://www.cfp.net).

CFP® professionals have met CFP Board’s high standards for education, examination, experience, and ethics. To become a CFP® professional, an individual must fulfill the following requirements:

- **Education** – Earn a bachelor’s degree or higher from an accredited college or university and complete CFP Board-approved coursework at a college or university through a CFP Board Registered Program. The coursework covers the financial planning subject areas CFP Board has determined are necessary for the competent and professional delivery of financial planning services, as well as a comprehensive financial plan development capstone course. A candidate may satisfy some of the coursework requirement through other qualifying credentials.
- **Examination** – Pass the comprehensive CFP® Certification Examination. The examination is designed to assess an individual’s ability to integrate and apply a broad base of financial planning knowledge in the context of real-life financial planning situations.
- **Experience** – Complete 6,000 hours of professional experience related to the personal financial planning process, or 4,000 hours of apprenticeship experience that meets additional requirements.
- **Ethics** – Satisfy the *Fitness Standards for Candidates for CFP® Certification and Former CFP®*

*Professionals Seeking Reinstatement* and agree to be bound by CFP Board's *Code of Ethics and Standards of Conduct* ("Code and Standards"), which sets forth the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements to remain certified and maintain the right to continue to use the CFP Board Certification Marks:

- **Ethics** – Commit to complying with CFP Board's *Code and Standards*. This includes a commitment to CFP Board, as part of the certification, to act as a fiduciary, and therefore, act in the best interests of the client, at all times when providing financial advice and financial planning. CFP Board may sanction a CFP® professional who does not abide by this commitment, but CFP Board does not guarantee a CFP® professional's services. A client who seeks a similar commitment should obtain a written engagement that includes a fiduciary obligation to the client.
- **Continuing Education** – Complete 30 hours of continuing education every two years to maintain competence, demonstrate specified levels of knowledge, skills, and abilities, and keep up with developments in financial planning. Two of the hours must address the *Code and Standards*.

## Item 3: Disciplinary Information

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No management person at Effective Assets, Inc. has ever been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

## Item 4: Other Business Activities

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Justin Martello is an independent insurance agent. As such, Justin Martello, in his separate capacity as an insurance agent, will be able to purchase insurance and insurance-related investment products (insurance) for your account, for which he will receive separate and customary compensation. While Justin Martello endeavors at all times to put the interest of our clients first as part of our firm's fiduciary duty, you should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect their judgment when making recommendations. This activity accounts for approximately 5% of his time.

## Item 5: Additional Compensation

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Justin Martello does not receive any economic benefit from any person, company, or organization, in exchange for providing clients advisory services through Effective Assets, in addition to activities disclosed in Item 4 of this Brochure Supplement.

## Item 6: Supervision

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Justin Martello, as Financial Planner and Chief Compliance Officer of Effective Assets, is responsible for supervision. He may be contacted at the phone number on this brochure supplement.