

# Allio Advisors LLC

## Wrap Fee Program Brochure

*This wrap fee program brochure provides information about the qualifications and business practices of Allio Advisors LLC. If you have any questions about the contents of this brochure, please contact us at (845) 475-7905 or by email at: [chris.morgan@alliofinance.com](mailto:chris.morgan@alliofinance.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Allio Advisors LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Allio Advisors LLC's CRD number is: 317938.*

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

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment to this Wrap Fee Program Brochure on 05/31/2023. Material changes relate to Allio Advisors LLC's policies, practices or conflicts of interests only.

- Allio Advisors LLC has updated their phone number and email address (Cover page).
- Raymond Micaletti is no longer with the firm. (Cover page)

### Item 3: Table of Contents

Item 1: Cover Page	
Item 2: Material Changes .....	1
Item 3: Table of Contents .....	2
Item 4: Advisory Business .....	3
Item 5: Types of Clients .....	4
Item 6: Portfolio Manager Selection and Evaluation .....	4
Item 7: Client Information Provided to Portfolio Managers .....	8
Item 8: Client Contact with Portfolio Managers .....	8
Item 9: Additional Information .....	8
Item 10: Requirements For State Registered Advisers .....	11

## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Allio Advisors LLC (hereinafter “AAL”) provides portfolio management to clients under this wrap fee program as sponsor and portfolio manager.

AAL provides Robo-advisory portfolio management services via an online interface.

Monthly management of an active user will be charged USD 1.00 per month for each portfolio type therein (i.e. an active user is defined as an end customer who has connected their account to the Allio mobile App and has created a portfolio such as a core portfolio and/or goal). An additional fee of USD 1.00 per month will be charged for added-value feature sets that customers leverage such as the Allio holistic view feature. Fees are paid monthly. Fees are withdrawn directly from the client’s accounts with client’s written authorization on a monthly basis.

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

### **B. Contribution Cost Factors**

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

### **C. Additional Fees**

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

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

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

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

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

AAL generally offers advisory services to Individuals There is no account minimum.

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

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

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

AAL will use industry standards to calculate portfolio manager performance.

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

### **B. Related Persons**

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

### **C. Advisory Business**

AAL provides "robo-advisory" portfolio management services via an online interface. This entails the use of algorithm-based portfolio management advice, rather than in-person investment advice. These automated investment solutions are customized to each client and based on individual characteristics, such as the client's age, risk tolerance, income, and current assets, among others.

AAL will require discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction.

Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

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

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

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

AAL generally limits its investment advice to equities and ETFs. AAL may use other securities as well to help diversify a portfolio when applicable.

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

AAL offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client's current situation (income, tax levels, and risk tolerance levels). Clients are not permitted to impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

### ***Wrap Fee Programs***

As discussed herein, AAL sponsors and acts as portfolio manager for this wrap fee program. AAL manages the investments in the wrap fee program. The fees paid to the wrap account program will be given to AAL as a management fee.

### ***Amounts Under Management***

AAL has the following assets under management:

Discretionary Amounts:	Non-Discretionary Amounts:	Date Calculated:
\$0	\$0	March 2022

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

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

Clients paying a performance-based fee should be aware that investment advisers have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

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

### **Methods of Analysis**

AAL's methods of analysis include quantitative analysis and qualitative analysis.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets.

### **Investment Strategies**

AAL uses long term investing.

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

## ***Material Risks Involved***

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### **Methods of Analysis**

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

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio

exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### **Investment Strategies**

**Long term investing** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

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

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

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Because ETFs use "authorized participants" (APs) as agents to facilitate creations or redemptions (primary market), there is a risk that an AP decides to no longer participate for a particular ETF; however, that risk is mitigated by the fact that other APs can step in to fill the vacancy of the withdrawing AP [an ETF typically has multiple APs] and ETF transactions predominantly take place in the secondary market without need for an AP. Like other liquid securities, ETF pricing changes throughout the trading day and there can be no guarantee that an ETF is purchased at the optimal time in terms of market movements. Moreover, due to market fluctuations, ETF brokerage costs, differing demand and characteristics of underlying securities, and other factors, the price of an ETF can be lower than the aggregate market price of its cash and component individual securities (net asset value – NAV). An ETF is subject to the same market risks as those of its underlying individual securities, and also has internal expenses that can lower investment returns.

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

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

AAL will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.



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

AAL's investment advisory personnel oversee the algorithm but may not monitor each client's account. Clients are encouraged to update their account/questionnaire with any change in their objectives, risk tolerance, or other pertinent information, as that information factors into the portfolio's composition.

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

AAL will restrict clients from contacting portfolio managers. AAL is registered with the SEC as an internet investment adviser. Per Rule 203A-2(e) Internet investment advisers are defined as advisers that provide investment advice to all of its clients exclusively through an interactive website, except that the investment adviser may provide investment advice to fewer than 15 clients through other means during the preceding twelve months.

## **Item 9: Additional Information**

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

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

There are no criminal or civil actions to report.

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

There are no administrative proceedings to report.

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

There are no self-regulatory organization proceedings to report.

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

AAL has an affiliate, Allio Capital (CRD 318268), that has a pending application as a broker-dealer.

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

Neither AAL nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or

Commodity Trading Advisor or an associated person of the foregoing entities.

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

Neither AAL nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

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

AAL does not select third-party investment advisers.

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

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

AAL has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. AAL's Code of Ethics is available free upon request to any client or prospective client.

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

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

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

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

around the same time as clients. This may provide an opportunity for representatives of AAL to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, AAL will never engage in trading that operates to the client's disadvantage if representatives of AAL buy or sell securities at or around the same time as clients.

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

Robo-advisory portfolio management accounts are not reviewed by AAL, save for automated allocation revisions. Clients are encouraged to update AAL of any change in their objectives, risk tolerance, or other pertinent information.

### ***Factors That Will Trigger a Non-Periodic Review of Client Accounts***

Robo-advisory portfolio management accounts do not undergo non-periodic review by AAL, allocations will change in accordance with the portfolio management software utilized by AAL and changes to the client's profile.

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

Robo-advisory portfolio management clients will receive at least monthly a written report that details the client's account including assets held and asset value, which report will come from the custodian and at least monthly a written report from AAL.

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

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

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

AAL does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### ***Balance Sheet***

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

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

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

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

AAL has not been the subject of a bankruptcy petition.

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

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