



## **Fruitful Advisory, LLC**

335 Madison Ave Suite 3rd FL  
New York, New York 10017

(703) 997-2993

[fruitful.com](http://fruitful.com)

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### **FORM ADV PART 2A: FIRM BROCHURE**

Fruitful Advisory, LLC (“Fruitful,” “we,” or “the Firm”) is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”). This brochure provides information about our qualifications and business practices and constitutes our Form ADV 2A. If you have any questions about the contents of this brochure or if you would like to request a paper copy of this brochure, please contact us at [support@fruitful.com](mailto:support@fruitful.com).

The information in this brochure has not been approved or verified by the SEC or any U.S. state or non-U.S. securities authority. Registration does not imply that we have attained a certain level of skill or training. We encourage you to visit the SEC’s Investment Adviser Public Disclosure (“IAPD”) for more information about us, including our ADV Part 1. The IAPD web address is [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This brochure does not constitute an offer or a solicitation of an offer to buy shares or interests in any investment fund that Fruitful sponsors, manages, or advises. An offer of those funds can only be made to qualified investors by way of the approved offering materials for those funds and only in jurisdictions in which that offer will comply with applicable rules and regulations.

## Item 2 - Material Changes

This Item discusses only specific material changes that are made to this Brochure and provides Clients with a summary of such changes. Fruitful last filed its Part 2A of Form ADV: Firm Brochure (this “Brochure”) as Fruitful, Inc. on March 29, 2024. Where the following Items were updated in that filing:

- Updated Item 4 to reflect the appointment of Sam Lewis as our President and CEO and to update assets under management.
- Updated Item 5 to provide additional information regarding membership fees.
- Updated Item 7 to reflect the types of customers the Firm engages
- Updated Item 8 to provide additional information regarding Investment Management analysis, strategies, and risks

Material changes that are made to this Brochure since last filed:

- Updated Item 4 and Item 10 to reflect the succession by amendment by Fruitful Advisory, LLC of the investment advisory business of its parent, Fruitful, Inc. due to corporate reorganization. No material change in control occurred in relation to the reorganization.

Although the above addresses material changes to this Brochure, Clients are encouraged to review this document in its entirety.

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## Item 4 - Advisory Business

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

Fruitful Advisory, LLC, a Delaware corporation established on January 29, 2024, is a registered investment adviser based in New York City. The Firm is a wholly-owned subsidiary of Fruitful, Inc., a corporation formed on June 7, 2021 under the laws of the State of Delaware. Our President is Sam Lewis and our Chief Compliance Officer is Emiliano Rios Caban. ECC Branch, LLC – a Small Business Investment Corporation - has an ownership interest of 50% in the Firm and venture capital fund 8VC has an ownership interest of 11% in the Firm.

### **B. Types of Advisory Services.**

Advisory Services at Fruitful are offered at no additional cost to Clients who have an active subscription to Fruitful's financial wellness membership. Currently, these Advisory Services include Financial Planning Services and Investment Management Services. Fruitful's Membership costs are discussed in Item 5.

#### *1. Financial Planning Services.*

Fruitful provides web-based ongoing comprehensive financial planning through the firm's website, online application and client portal, and other technologies.

Financial planning involves an 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. Clients will – with the careful assistance of a Fruitful Financial Guide - establish their goals and values around money through a series of conversations and via our online client portal. Rather than a traditional, static Financial Plan, the client receives a Roadmap designed around their situation but rooted in the principles of financial planning as governed by The CFP® Board. The client retains absolute discretion over implementation of the Roadmap and is free to accept or reject any recommendation from Fruitful.

Fruitful's platform assists in the maintenance of, and helps to monitor, a client's individual account parameters. This platform information may include types of accounts, investment objectives, overall financial conditions, personal and business assets, risk tolerances, and other factors unique to the client's individual situation. Based on our client's parameters and other factors, a Fruitful Guide will develop a customized Roadmap and other key documents. Periodic reviews, discussions, and shifting priorities may result in revisions to the client's Roadmap.

In performing its services, Fruitful will rely on the information provided by clients. Each client is advised that it remains their responsibility to promptly notify Fruitful if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising their Roadmap. This helps clients make important personal and financial transitions in their lives by helping them plan, protect and grow their assets, provide for their families and achieve their personal and financial objectives. Depending on the complexity of a client's personal needs and desires, this will be accomplished by providing some or all of the following financial planning services:

- **Goal-Based Life Planning.** Assisting clients in identifying their life goals (i.e. buying a home, paying off student loans, etc.) and determining the costs to pursue these goals. The Fruitful Guide will assist clients in taking an inventory of current assets and then work with clients to develop a plan to make their future goals financially attainable.
- **Cash Flow Analysis.** Analyzing a client's current income and expenses (including income taxes) and recommending a specific course of action regarding the appropriate savings necessary to fund the client's various financial objectives.
- **Retirement Analysis.** Utilizing retirement income computer models to project cash flow needs and income available for retirement, analyze the impact of inflation on retirement income and evaluate client's retirement plan pay-out options and maximum benefits available through any employee benefit programs. If appropriate, coordinating client's retirement income and employee benefits with the asset allocation and investment strategy recommended by Fruitful.
- **Asset Protection and Estate Planning.** Advising clients on asset protection techniques in order to develop an estate plan. This may involve guidance toward establishing and/or implementing wills, revocable living trusts, irrevocable life insurance trusts, durable powers of attorney, health care powers of attorney and other estate planning techniques, which will typically be led by a client's outside attorneys.

In choosing how to implement elements of the client's Roadmap, we may recommend other products and services offered by us, by other professionals, and/or offered by one of Fruitful's affiliates. Accordingly, clients are advised that a conflict of interest exists if Fruitful recommends its own products and services or that of its affiliates, though such products and services are offered at no additional cost as part of their Membership.

Clients are under no obligation to act upon any of the recommendations made by Fruitful or its supervised persons under a financial planning arrangement and/or engage the services of any such recommended professional or affiliate. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Fruitful's or its supervised persons' recommendations. Fruitful will cooperate with any attorney, accountant, broker or other adviser chosen by the client regarding implementation of any such recommendations.

## *2. Investment Management Advisory Services.*

Fruitful also offers access to discretionary investment management services to its clients as part of their subscription. Such investment management services involve helping Members develop greater insight about the financial markets and tailoring their investment strategy. Fruitful creates an investment profile for each client that outlines the client's current risk tolerance profile and details the inputs to the asset allocation and investment strategy decision. Investment Management Advisory Services include, but are not limited to, investment strategy, asset allocation, risk tolerance, personal investment policy, asset selection, rebalancing, and regular portfolio monitoring, along with on-going financial planning services.

### **C. Participation in Wrap Fee Programs.**

Fruitful does not participate in wrap fee programs.

### **D. Types of Investments.**

Client portfolios will primarily use Exchange Traded Funds (“ETFs”) and Index Funds; however, Fruitful will use other vehicles where it is appropriate.

### **E. Assets Under Management**

As of December 31, 2023, Fruitful had \$1,384,519 in discretionary assets under management.

## Item 5 - Fees and Compensation

### **A. How we are compensated for Advisory Services.**

The Fruitful, Inc. membership subscription fee is the only cost for Clients to receive Advisory Services. The standard subscription fee is \$98 for solo memberships and \$148 for joint memberships, payable monthly in advance. Fruitful Members receive discounts for quarterly or annual payments, as detailed in the table below. This service is delivered through our interactive website. This service may be terminated with a 30-day notice.

<b>Fruitful Membership</b>	<b>Solo (1 member)</b>	<b>Joint (2 members)</b>
<b>Monthly</b>	\$98 paid per month	\$148 paid per month
<b>Quarterly</b>	\$275 paid every 3 months	\$415 paid every 3 months
<b>Annually</b>	\$998 paid per year	\$1,498 paid per year

### **B. Payment of Fees.**

Fees for this service may be paid to Fruitful, Inc. by credit card or debit card. In the event of termination, the subscription will continue through the end of the last month previously paid in full and the member will not be billed again.

### **C. Expenses that Clients Pay.**

The membership fees paid to Fruitful, Inc. are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client in relation to the Advisory Services. 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 the membership fee, and Fruitful Advisory does not receive any portion of these commissions, fees, and costs.

### **D. Prepayment of Fees.**

Membership fees are due to Fruitful, Inc. in advance, and Members receive discounts for quarterly or annual membership payments.

### **E. Outside Incentives for Recommendations of Securities.**

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. The standard annual minimum fee for a Fruitful Member is \$1,176, but can be adjusted on a case by case basis and is not paid to Fruitful Advisory, LLC.

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

Fruitful does not charge performance-based fees and does not practice side-by-side management.



## Item 7 - Types of Clients

### **A. Clients.**

Fruitful offers its financial planning services and investment management services to individuals, high net worth individuals, trusts and estates who are currently subscribed to the Fruitful, Inc. Membership.

### **B. Requirements for Opening and Maintaining Accounts with Fruitful.**

Clients seeking to engage Fruitful for Advisory Services must first become Members of the Fruitful, Inc. subscription service. Clients accessing Fruitful investment management services must be current subscribers of the Fruitful, Inc. Membership and enter into an Investment Advisory Agreement, (“IAA”), an Investment Management Client Agreement (“IM Client Agreement”), and additionally agree to the Brokerage Account Agreements of Apex Clearing Corporation. Together, these documents outline the services provided by Fruitful, any fees and potential costs, and investment strategy.

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

### A. Methods of analysis and investment strategies.

Fruitful manages several discretionary portfolios that seek to produce risk-adjusted returns that position the client to achieve the objectives of their financial goals. These include multiple versions of a core asset allocation model using primarily passive, low-cost, exchange-traded index funds. The positions in these funds were chosen for their ability to diversify asset classes and keep expense ratios as low as efficiently possible.

The allocations for each client is chosen after detailed discussion with their financial guide. The discussions are focused around risk-tolerance, investment history, and the targeted financial goals. Ultimately, the final allocation decision is made by the client. We may use separately managed accounts employing all-equity, all-fixed income, or allocation strategies where we believe they are appropriate.

In 2024, Fruitful Advisory will form an Investment Committee. This committee will convene on a quarterly basis to conduct a comprehensive review of the firm's investment activities to include evaluating portfolio performance, assessing the securities selected for client portfolios, analyzing the effectiveness of current investment strategies, and ensuring best execution practices are followed. Fruitful intends for the Committee to further demonstrate its commitment to providing robust oversight, maintaining the highest standards of fiduciary duty, and delivering exceptional investment management services to its clients. Only Fruitful supervised persons, investment adviser representatives, operations support staff and compliance personnel may serve on the Investment Committee.

### B. Risks

Investing in securities involves the risk of total loss, which all Fruitful clients should be prepared to bear. The following risk factors are not a complete list of risks applicable to Managed Funds, Advised Funds, or Investment Management Clients.

**General Investment Risks.** All investors bear certain risks when investing their money, regardless of the asset class, sector or instrument chosen. Securities or other financial instruments fluctuate in value or lose value and expose a client account to counterparty risks. Associated risks include, but are not limited to, pandemics, cyberattacks, social instability, terrorism or war, and political variations.

**Liquidity Risk.** Securities investments may at any given time be illiquid such that either no market exists for them or they are restricted as to their transferability under federal and state securities laws. Thus, the sale of these investments may be made at substantial discounts, delayed, or impossible. In addition, the illiquidity of a security or other instrument makes valuation of such investment difficult.

**Computer Hackers and Loss of Data.** Computer “hackers” may infiltrate and/or damage one or more of Fruitful’s systems, services, and products, and any such breach of data protection could impact the returns to the client negatively. Computer programmers and hackers may be able to penetrate any of Fruitful’s network security and misappropriate its confidential information and/or that of third parties; create system disruptions; or cause interruptions or shutdowns of internal systems and services. If successful, any of these events could damage Fruitful’s computer systems or those of their clients and/or customers and could disrupt or prevent Fruitful from providing timely maintenance and support for its software platform. Computer programmers and hackers also may be able to develop and deploy viruses, worms, and other malicious software programs that attack one or more of Fruitful’s products, services, or otherwise exploit any security vulnerabilities of any of their products or services. The potential costs associated with eliminating or alleviating security problems, bugs, viruses, worms, malicious software programs, and/or security vulnerabilities could be significant, and the efforts to address these problems could result in interruptions, delays, and cessation of service.

**Novel Coronavirus.** As of the date of this Form ADV Part 2A, there is an ongoing outbreak of a novel and highly contagious form of coronavirus (“COVID-19”). The outbreak of COVID-19 caused a worldwide public health emergency with a substantial number of hospitalizations and deaths, and significantly adversely impacted global commercial activity and contributed to both volatility and material declines in equity and debt markets. Businesses are also implementing their own precautionary measures and the general uncertainty surrounding the dangers, duration and impact of COVID-19, are creating significant disruption in supply chains and economic activity, impacting consumer confidence and contributing to significant market losses, including having particularly adverse impacts on transportation, hospitality, tourism, sports, entertainment and other industries dependent upon physical presence. As COVID-19 continues to spread, potential additional adverse impacts, including a global, regional or other economic recession of indeterminate duration, are increasingly likely and difficult to assess. The extent of the impact of COVID-19 on the Advisor will depend on many factors, including the duration and scope of the resulting public health emergency, the extent of any related restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of the COVID-19 pandemic may materially and adversely impact Fruitful’s ability to manage investments and Fruitful’s ability to achieve its investment objectives, all of which could result in significant losses to clients. In addition, COVID-19 and the resulting changes to global businesses and economies likely will adversely impact the business and operations of Fruitful, and its respective affiliates. Certain businesses and activities may be temporarily or permanently halted as a result of government or other quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors, including the potential adverse impact of COVID-19 on the health of key personnel.

**Other Catastrophic Risks.** In addition to the potential risks associated with COVID-19 as outlined above, Fruitful may be subject to the risk of loss arising from direct or indirect exposure to a number of types of other catastrophic events, including without limitation (i) other public health crises, including any outbreak of SARS, H1N1/09 influenza, avian influenza, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof; or (ii) other major events or disruptions, such as hurricanes, earthquakes, tornadoes, fires, flooding and other natural disasters; acts of war or terrorism, including cyberterrorism; or major or prolonged power outages or network interruptions. The extent of the impact of any such catastrophe or other emergency on Fruitful’s operational and financial performance will depend on many factors, including the duration and scope of such emergency, the extent of any related travel advisories and restrictions, the impact on overall supply and demand, goods and services, investor liquidity,

consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. In particular, to the extent that any such event occurs and has a material effect on global financial markets or specific markets in which Fruitful participates (or has a material effect on any locations in which the Advisor operates or on any of its respective personnel) the risks of loss could be substantial and could have a material adverse effect on the ability of Fruitful to fulfill its investment objectives.

**Market Risk.** Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value. The prices of securities held by mutual funds in which clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by the mutual funds; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations.

**Management Risk.** Fruitful's investment approach may fail to produce the intended results. If Fruitful's perception of the performance of a specific asset class or fund is not realized in the expected time frame, the overall performance of clients' portfolios may suffer.

**Equity Risk.** Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund can be more volatile than the market as a whole. This volatility affects the value of the client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Small companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies. Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, the company's ability to create shareholder value (i.e., increase the value of the company's stock price), exposure to government taxation, and domestic political risk.

**Fixed Income Risk.** The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security may decline because investors demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.

**ETF Risk.** Clients may invest in ETFs which may, in turn, invest in equities, bonds, and other financial vehicles. ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Clients could invest in an ETF to gain exposure to a portion of the U.S. or foreign market. Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral, and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

**Mutual Fund Risk.** Clients may invest in mutual funds that, in turn, invest in a broad range of equity and fixed income securities, including foreign securities and securities of issuers located in emerging markets. The funds may also invest in equity securities of any market capitalization including micro-, small- and mid-cap companies, real estate, commodities-related assets, fixed income securities of any maturity or credit quality, including high-yield, high-risk debt securities, ETFs, other mutual funds, or money market funds and they may engage in leveraged or derivative transactions. We have no control over the investment strategies, policies or decisions of the mutual funds and, in the event of dissatisfaction with such a fund, our only option would be to liquidate clients' investments in that fund.

**REIT Risk.** Clients, or funds in which clients invest, may invest in Real Estate Investment Trusts ("REITs"). REITs are subject to risks generally associated with investing in real estate, such as (i) possible declines in the value of real estate, (ii) adverse general and local economic conditions, (iii) possible lack of availability of mortgage funds, (iv) changes in interest rates, and (v) environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.

**Foreign Securities Risk.** Clients, or funds in which clients invest, may invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that the client has exposure to issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

**Municipal Securities.** Funds in which clients invest may invest in municipal securities. Municipal securities carry different risks than those of corporate government and bank-sponsored debt securities. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer are domiciled.

**U.S. Government Securities.** Funds in which clients invest may invest in U.S. government securities. U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

**Concentration Risks.** Clients invest in diversified portfolios of securities (including mutual funds and ETFs), but some clients may choose to have their investment portfolios heavily weighted in a particular type of security, industry, industry sector, geographic location or investment manager. Such clients will experience greater risk and volatility in their portfolios. Generally, clients who have diversified portfolios incur less volatility and fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## Item 9 - Disciplinary Information

There are no legal or disciplinary events that we believe would be material to our clients' or our prospective clients' evaluation of our advisory business or the integrity of our management.

## Item 10 - Other Financial Industry Activities and Affiliations

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

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

Fruitful employees with outside business interests disclose such interests in accordance with Firm policy and through regulatory filings such as ADV Part 2B, when applicable.

Fruitful Advisory is a wholly-owned subsidiary of Fruitful, Inc.

ECC Branch LLC, a wholly-owned subsidiary of Emigrant Bank (“Emigrant”), has an ownership interest of 50% in Fruitful, Inc. Fruitful, Inc. engages with Emigrant for certain banking and operational services, which may create a material conflict of interest with our clients.

Fruitful, Inc. membership provides access to banking products and services offered by Fruitful Financial, LLC, a separately managed, affiliated, wholly-owned subsidiary of Fruitful, Inc. in partnership with and held at Emigrant Bank. Emigrant Bank - founded in 1850 - is the oldest savings bank in New York City and is a Member FDIC.

Fruitful, Inc. currently only receives compensation directly from its Members in the form of subscription fees. Fruitful Advisory does not receive compensation from any outside source. We do not have any conflicts of interest with any outside party.

Please see Item 14 for more detailed disclosures regarding potential conflicts of interest.



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

### **A. Code of Ethics.**

We have adopted a Code of Ethics (the “Code”) to prevent and prohibit certain types of transactions which are deemed to create actual conflicts of interest, the potential for conflicts, or the appearance of conflicts, and to establish reporting requirements and enforcement procedures.

We have implemented an investment policy relative to personal securities transactions. This investment policy is part of our Code, which serves to establish a standard of business conduct for all of our associated persons that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Advisers Act, we also maintain and enforce written policies reasonably designed to prevent the misuse of material non-public information by us or any person associated with us.

### **B. Participation or Interest in Client Transactions.**

Neither our Firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **C. Personal Trading.**

Personnel of Fruitful may buy or sell securities for themselves that they also recommend to Investment Management Clients. This may provide an opportunity for personnel of Fruitful to buy or sell the same securities to clients resulting in personnel profiting from the recommendations they provide to clients. Such transactions may create a conflict of interest. Fruitful will 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.

### **D. Trading Securities At/Around the Same Time as Clients’ Securities.**

See response to Item 11.C.

## Item 12 - Brokerage Practices

### **A. Factors in Selecting or Recommending Broker-Dealers for Retail Client Transactions.**

Fruitful will generally require that clients utilize the services of Apex Clearing Corporation (“Apex”), member of FINRA and SIPC, which provides custody, clearing and execution services to Fruitful Clients as Custodian for investment management accounts.

**Best Execution.** Best execution has been defined as the “execution of securities transactions for clients in such a manner that the client’s total cost or proceeds in each transaction is the most favorable under the circumstances.” The best execution responsibility applies to the circumstances of each particular transaction and an investment adviser must consider the full range and quality of a broker-dealer’s services, including, but not limited to, execution capability, commission rates, the value of any research, financial responsibility and responsiveness. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while Fruitful will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions. Fruitful shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its clients considering its duty to obtain best execution.

**Broker Analysis.** Fruitful evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker-dealer’s trading costs, efficiency of execution and error resolution, financial strength and stability, capability, positioning and distribution capabilities, information regarding the availability of securities, trading patterns, statistical or factual information, opinion pertaining to trading and prior performance in serving Fruitful.

In 2024, broker-dealer review shall be performed by the Fruitful Investment Committee on a quarterly basis.

### **B. Trade Aggregation and Allocation**

Fruitful may purchase or sell the same securities for several clients at approximately the same time. Fruitful may (but is not obligated to) combine or “batch” such orders to:

- Obtain best execution;
- Negotiate more favorable commission rates; or
- Allocate equitably among Fruitful’s clients

Under this procedure, transactions will generally be averaged as to price and allocated among Fruitful’s clients pro rata. When aggregating client trade orders, Fruitful will not receive any additional compensation or remuneration as a result of the aggregation.

### **C. Trade Errors.**

Trade errors are promptly reported to the custodian and will be rectified by the custodian with no adverse financial effect on the client. Although there is no standard definition of trade errors, they may include a number of situations, such as:

- Trade executions in the wrong direction (i.e., buy vs. sell);
- Purchasing securities not legally permitted for the firm, or not within a client's guidelines or restrictions;
- Purchasing or selling the wrong securities or the wrong amount of securities for a client or account;
- Purchasing or selling securities for the wrong client or account; or
- Allocating securities to the wrong client or account.

## Item 13 - Review of Accounts

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

Fruitful Financial Guides meet with Investment Management Clients no less than annually and several times during the first year with a new client. Accounts are reviewed in the context of each client's stated investment objectives and guidelines, ensuring that the structure of the portfolio is coordinated with these objectives. In addition, investment returns will be measured against the appropriate benchmarks in each asset class.

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

Investment Management Client reviews may be triggered by material market, economic or political events, cash inflow or outflow to/from the portfolio or by changes in client's financial situations (such as retirement, termination of employment, physical move, IPO or acquisition of private stock, or inheritance).

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

Investment Management Clients receive a formal performance report for their accounts generated by the custodian bank at least once per year during a formal review meeting. The performance report includes a summary of deposits, withdrawals, transfers, returns, gains/losses, holdings, and asset allocation. Additionally, clients using Altruist as custodian can login to the platform at any time to review their accounts.

## Item 14 - Client Referrals and Other Compensation

Except as otherwise described in this brochure and below, we do not receive an economic benefit for providing investment advice or other advisory services to our clients from someone who is not a client.

Fruitful, Inc. - the Firm's parent company - may run promotional campaigns to measure interest and to attract new Members to its subscription service. These promotions may include, but are not limited to, referral programs pursuant to which current Members, or third parties, invite non-Members to subscribe. These promotions may also include additional perks, services or products offered on a limited basis to select Members, different fee arrangement structures, which could include more favorable fee arrangements, a higher interest rate, cash compensation, and reduced or waived subscription fees for Members. To the extent such referrals may be considered to be Promotions under SEC rules, the Firm will ensure compliance with such rules.

We currently do not maintain any referral arrangements by which we receive benefits for client referrals. However, if requested by the client, we may as a courtesy, recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. We cannot and do not guarantee the services of any such recommended professional, and shall not be liable for any action, omission, recommendation/decision or loss resulting from or in connection with the services of any such recommended professional.

## Item 15 - Custody

With respect to Investment Management Clients, Fruitful will generally require that clients custody their assets at Apex Clearing Corporation. Fruitful will not have physical custody of any assets in the client's account. Clients will be solely responsible for paying all fees or charges of the custodian. Clients will authorize Fruitful to give the custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the client's account. Clients will receive directly from the custodian at least quarterly a statement showing the performance of the client's account(s), the funds, securities and other property in the client's account at the end of the period.

## Item 16 - Investment Discretion

For Investment Management Client accounts over which Fruitful has discretion, Fruitful requests that it be provided with written authority to determine the types and amounts of securities that are bought or sold. Fruitful's authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between Fruitful and the client. Any limitations on Fruitful's discretionary authority shall be included in this written authority statement. Clients may change or amend these limitations as required. All such amendments are required to be submitted in writing.

## Item 17 - Voting Client Securities

Fruitful does not vote proxies on behalf of its Investment Management Clients. Therefore, although Fruitful may provide discretionary investment advisory services relative to client investment assets, it is the client that maintains exclusive responsibility for: (i) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and (ii) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceeding or other type events pertaining to the client's investment assets. Fruitful and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.



## Item 18 - Financial Information

Fruitful is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.