

## Item 1 Cover Page

Smart Portfolio  
2108 N St., Suite N  
Sacramento, CA 95816  
[www.smrtportfolio.com](http://www.smrtportfolio.com)

March 19, 2024

**This brochure provides information about the qualifications and business practices of Smart Portfolio, CRD# 324633. If you have any questions about the contents of this brochure, please contact us at [vip@smrtportfolio.com](mailto:vip@smrtportfolio.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Registration as a registered investment advisor does not imply a certain level of skill or training.**

**Additional information about Smart Portfolio also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 Material Changes**

This is a new brochure and there has not been a previous annual update. Therefore, there are no changes to report.

### Item 3 Table of Contents

#### Brochure

Item 1 Cover Page .....	1
Item 2 Material Changes .....	2
Item 3 Table of Contents.....	3
Item 4 Advisory Business .....	4
Item 5 Fees and Compensation .....	5
Item 6 Performance-Based Fees and Side-by-Side Management .....	6
Item 7 Types of Clients .....	6
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9 Disciplinary Information.....	10
Item 10 Other Financial Industry Activities and Affiliations .....	11
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	11
Item 12 Brokerage Practices .....	12
Item 13 Review of Accounts .....	14
Item 14 Client Referrals and Other Compensation .....	14
Item 15 Custody .....	15
Item 16 Investment Discretion .....	15
Item 17 Voting Client Securities .....	15
Item 18 Financial Information.....	15

## **Item 4 Advisory Business**

Smart Portfolio (“Advisor”) is an Internet investment advisor firm formed in December 2022 and is registered with the SEC under Rule 203A-2(e) of the Investment Advisers Act of 1940 (the “Act”).

The principal owner of Smart Portfolio is Aleksandr Dyo, Manager.

### Advisory Services

Smart Portfolio’s primary business is providing fee-based custom portfolio management services over the Internet. Smart Portfolio focuses on the construction of customized, rule-based investment strategies utilizing its automated system. Through its software, Smart Portfolio provides analysis of these strategies, and clients may select and invest in customized portfolios of these strategies. Additionally, Smart Portfolio offers Internet-based discretionary management, for both customized portfolios and model portfolios, based on objectives and constraints that clients provide to Smart Portfolio through its website.

Smart Portfolio may use exchange-listed equity securities, exchange traded funds (ETFs), securities traded over the counter, U.S. Government securities, corporate debt securities, commercial paper, CDs, and municipal securities to construct portfolios. Smart Portfolio may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk or increase performance. Smart Portfolio may recommend selling or unwinding positions for reasons that include, but are not limited to, harvesting capital gains or losses, business, sector, geographical or quantitative risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in client’s objectives, or any risk deemed inconsistent with the client’s objectives.

### Qualified Retirement Plan Services

Smart Portfolio provides its Internet-based portfolio management services to the participants of qualified defined contribution pension plans. In these situations, an affiliated consulting firm and third-party administrator, Wealth Excel, LLC, works with the plan sponsor to design and implement a defined contribution plan. The plan sponsor signs an agreement with Smart Portfolio to provide access to the plan participants to manage the assets in their retirement account. Smart Portfolio’s annual management fee (see Item 5) is paid by the plan sponsor.

### Selection of Other Advisors

In order to trade securities for clients, the Advisor recommends and refers clients to open an account at Managed Account programs sponsored by unaffiliated money managers, or other third-party manager/trading platforms. In these arrangements, the client will then enter into a program and investment advisory agreement with the program sponsor. Smart Portfolio will assist and advise the client in establishing investment objectives, select the appropriate investment strategy with the client, and continue to provide oversight of the client account and ongoing monitoring of the activities of the Managed Account program. The third-party managers will implement the investment strategy to meet those objectives by identifying appropriate asset allocation models, investing client assets into those models, and monitoring such investments on an ongoing basis. In consideration for such services, the program sponsor will charge an asset management fee that includes the program platform fee and Smart Portfolio’s investment advisory fee described in Item

5. The program sponsor will deduct the overall fee from the client account quarterly in arrears based on the value of the assets in the account at the end of the quarter and remit Smart Portfolio's fee to the firm.

Smart Portfolio has and will continue to ensure that the third-party managers are investment advisors registered with the SEC or exempt from such registration. The client, prior to entering into an agreement with the third-party managers will be provided with their Brochures. In addition, Smart Portfolio and its client will agree in writing that the client's account will be managed by the third-party managers on a discretionary basis.

Smart Portfolio will tailor its advisory services to a client's individual needs based on information the client provides to Smart Portfolio through its website. For example, a client may elect to allocate to strategies that only invest in a single ETF and related options. Alternatively, a client may allocate to a model portfolio designated for specified constraints, such as risk tolerance, and/or objectives such as yield, protection or risk adjusted returns. Where Smart Portfolio uses ETFs that track broad indices, clients may not be able to restrict Smart Portfolio from indirectly investing in specific stocks, bonds, or industries.

Smart Portfolio does not provide portfolio management services to wrap fee programs.

As of December 31, 2023, Smart Portfolio had \$27,982,000 in discretionary and no non-discretionary client assets under management.

## **Item 5 Fees and Compensation**

### Asset Management Fees

Pursuant to an investment advisory contract signed by each client, the client will pay Smart Portfolio an annual management fee as shown in the table below, payable quarterly in arrears, based on the value of portfolio assets of the account on the last business day of the quarter. New account fees will be prorated from the inception of the account to the end of the first quarter.

<b>Assets Under Management:</b>	<b>Annual Fee:</b>
Up to \$249,999	1.25%
\$250,000 – \$1,999,999	1.00%
\$2,000,000 – \$4,999,999	0.80%
\$5,000,000 and Over	0.60%

The management fee is applied to the entire balance in the account. For example, a client with a \$3 million account will be charged 0.80% on the entire \$3 million. These fees may be negotiated at the sole discretion of the Advisor. Asset management fees will be directly deducted from the client account on a quarterly basis by the qualified custodian. The client will give written authorization permitting the Advisor to be paid directly from their account held by the custodian. The custodian will send a statement at least quarterly to the client.

All fees paid to Smart Portfolio for investment advisory services are separate and distinct from the expenses charged by mutual funds or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee and other

fund expenses. Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The Advisor's fee is separate and distinct from the custodian and execution fees.

At no time will Smart Portfolio accept or maintain custody of a client's funds or securities except for authorized fee deduction.

Where acting in the capacity of an insurance agent, investment advisor representatives (IARs) of Smart Portfolio may as agent effect insurance transactions for typical and customary compensation. This practice presents a conflict of interest by creating an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Clients of Smart Portfolio are not required to utilize the IARs in their capacity as insurance agents for the purchase of investment products. Smart Portfolio has established a Code of Ethics to address conflicts of interest. See the response to Item 11 below for more information on the Code of Ethics. A client may be able to invest in products recommended by the firm directly, without the services of Smart Portfolio. In that case, the client would not receive the services provided by Smart Portfolio which are designed, among other things, to assist the client in determining which products or services are most appropriate to each client's financial condition and objectives. Commissions from the sale of investment products to advisory clients do not represent the primary compensation of Smart Portfolio's IARs. Smart Portfolio does not charge advisory fees on client assets invested in insurance products.

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

Smart Portfolio does not charge performance-based fees.

#### **Item 7 Types of Clients**

The Advisor will offer its services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

The Advisor's cumulative minimum account requirement for opening and maintaining an account is \$50,000. However, the Advisor may at its sole discretion accept accounts with a lower value.

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

The Advisor may utilize fundamental or cyclical analysis techniques in formulating investment advice or managing assets for clients.

Fundamental analysis of businesses involves analyzing its financial statements and health, its management and competitive advantages and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives: to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions; and to calculate its credit risk.

Cyclical analysis of economic cycles is used to determine how these cycles affect the returns of an investment, an asset class or an individual company's profits. Cyclical risks exist because the broad economy has been shown to move in cycles, from periods of peak performance followed by a downturn, then a trough of low activity. Between the peak and trough of a business or other economic cycle, investments may fall in value to reflect the uncertainty surrounding future returns as compared with the recent past.

The investment strategies the Advisor will implement may include long-term purchases of securities held at least for one year and short-term purchases for securities sold within a year.

Clients need to be aware that investing in securities involves risk of loss that clients need to be prepared to bear.

The methods of analysis and investment strategies followed by the Advisor are utilized across all of the Advisors clients, as applicable. One method of analysis or investment strategy is not more significant than the other as the Advisor is considering the client's portfolio, risk tolerance, time horizon and individual goals. However, the client should be aware that with any trading that occurs in the client account, the client will incur transaction and administrative costs.

Investing includes the risk that the value of an investment can be negatively affected by factors specifically related to the investment (e.g., capability of management, competition, new inventions by other companies, lawsuits against the company, labor issues, patent expiration, etc.), or to factors related to investing and the markets in general (e.g., the economy, wars, civil unrest or terrorism around the world, concern about oil prices or unemployment, etc.).

Risks of fundamental analysis may include risks that market actions, natural disasters, government actions, world political events or other events not directly related to the price or valuation of a specific company's fundamental analysis can adversely impact the stock price of a company causing a portfolio containing that security to lose value. Risks may also include that the historical data and projections on which the fundamental analysis is performed may not continue to be relevant to the operations of a company going forward, or that management changes or the business direction of management of the company may not permit the company to continue to produce metrics that are consistent with the prior company data utilized in the fundamental analysis, which may negatively affect the Advisor's estimate of the valuation of the company.

In cyclical analysis, economic or business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions. Also, the lengths of the economic cycles may be difficult to predict with accuracy. Therefore, the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

All investments involve some degree of risk. In finance, risk refers to the degree of uncertainty and/or potential financial loss inherent in an investment decision. In general, as investment risks rise, investors seek higher returns to compensate themselves for taking such risks.

Every saving and investment product have different risks and returns. Differences include how readily investors can get their money when they need it, how fast their money will grow, and how safe their money will be. The primary risks faced by investors include:

### Business Risk

With a stock, you are purchasing a piece of ownership in a company. With a bond, you are loaning money to a company. Returns from both of these investments require that the company stays in business. If a company goes bankrupt and its assets are liquidated, common stockholders are the last in line to share in the proceeds. If there are assets, the company's bondholders will be paid first, then holders of preferred stock. If you are a common stockholder, you get whatever is left, which may be nothing.

### Volatility Risk

Even when companies aren't in danger of failing, their stock price may fluctuate up or down. Large company stocks as a group, for example, have lost money on average about one out of every three years. A stock's price can be affected by factors inside the company, such as a faulty product, or by events the company has no control over, such as political or market events.

### Inflation Risk

Inflation is a general upward movement of prices. Inflation reduces purchasing power, which is a risk for investors receiving a fixed rate of interest. The principal concern for individuals investing in cash equivalents is that inflation will erode returns.

### Interest Rate Risk

Interest rate changes can affect a bond's value. If bonds are held to maturity the investor will receive the face value, plus interest. If sold before maturity, the bond may be worth more or less than the face value. Rising interest rates will make newly issued bonds more appealing to investors because the newer bonds will have a higher rate of interest than older ones. To sell an older bond with a lower interest rate, you might have to sell it at a discount.

### Liquidity Risk

This refers to the risk that investors won't find a market for their securities, potentially preventing them from buying or selling when they want. This can be the case with the more complicated investment products. It may also be the case with products that charge a penalty for early withdrawal or liquidation such as a certificate of deposit (CD).

The Advisor does primarily recommend that clients invest in equities (stocks), ETFs, and fixed income securities, and the material risks of this type of investment are:

### Risks of Investing in Stocks:

All investments involve some degree of risk. In finance, risk refers to the degree of uncertainty and/or potential financial loss inherent in an investment decision. In general, as investment risks rise, investors seek higher returns to compensate themselves for taking such risks.

Every saving and investment product has different risks and returns. Differences include how readily investors can get their money when they need it, how fast their money will grow, and how safe their money will be.



### Business Risk

With a stock, you are purchasing a piece of ownership in a company. With a bond, you are loaning money to a company. Returns from both of these investments require that the company stays in business. If a company goes bankrupt and its assets are liquidated, common stockholders are the last in line to share in the proceeds. If there are assets, the company's bondholders will be paid first, then holders of preferred stock. If you are a common stockholder, you get whatever is left, which may be nothing.

### Volatility Risk

Even when companies aren't in danger of failing, their stock price may fluctuate up or down. Large company stocks as a group, for example, have lost money on average about one out of every three years. Market fluctuations can be unnerving to some investors. A stock's price can be affected by factors inside the company, such as a faulty product, or by events the company has no control over, such as political or market events.

### Liquidity Risk

This refers to the risk that investors won't find a market for their securities, potentially preventing them from buying or selling when they want. This can be the case with the more complicated investment products.

### Risks that apply to Equity Strategies, including ETFs:

- Management Risk: Due to its passive and defensive management, a portfolio could underperform other portfolios with similar investment objectives and/or strategies.
- Allocation Risk: A portfolio may use an asset allocation strategy in pursuit of its investment objective. There is a risk that a portfolio's allocation among asset classes or investments will cause a portfolio to lose value or cause it to underperform other portfolios with a similar investment objective and/or strategy, or that the investments themselves will not produce the returns expected.
- Sector/Industry Risk: The risk that the strategy's concentration in equities in a specific sector or industry will cause the strategy to be more exposed to the price movements in and developments affecting that sector.
- Market and Timing Risk: Prices of securities may become more volatile due to general market conditions that are not specifically related to a particular company, such as adverse economic conditions or outlooks, adverse investor sentiment, changes in the outlook for corporate earnings, or changes in interest rates.
- Event Risk: The possibility that an unforeseen event will negatively affect a company or industry, and thus, increase the volatility of the security.
- Liquidity Risk: The risk that exists when a security's limited marketability prevents it from being bought or sold quickly enough to avoid or minimize a loss.

### Commercial Paper Risks:

Due to the promissory nature of commercial paper, only large corporations with high credit ratings should be able to sell the instrument at a reasonable price. If small organizations try to issue commercial paper, it is likely the credit risk, which can be defined as the likelihood that a borrower is unable to repay the loan, will be too high and there will be no market for the issue. Liquidity risk, which reflects how easily a security can be bought or sold in the market, is less of a concern than credit (default) risk as the debt matures quite rapidly, leaving little room for additional trading of commercial paper in secondary markets.

### Certificates of Deposit (CD) Risks:

The risks associated with investing in CDs is relatively low compared to other investments. For example, CDs issued by banks are almost always insured by the Federal Deposit Insurance Corporation (FDIC) and have a fixed interest rate. However, CDs keep the same fixed interest rate for the entire term, regardless of how the market rates change. Thus, if interest rates rise the CD will continue paying a lower interest rate than is available in the market. Additionally, CD rates may not keep pace with rising inflation. Early withdrawal penalties can be large – the average penalty is three months' worth of interest for CDs with terms under one year, and six months' worth of interest for longer-term CDs. If not enough interest has been earned, the issuer may dip into the principal to pay the penalty. Some CDs have a call feature, which allows the bank to require the investor to cash in the CD after a certain period of time. Finally, CDs may be subject to bank failure risk, although CDs issued by a bank are typically subject to FDIC protection up to \$250,000. However, this only applies to the first \$250,000 of an amount invested in any single bank.

### Municipal Securities Risks:

The risk that any individual municipal bond with a high credit rating will default is negligible. Below is a list of some of the risks to consider when investing in municipal securities.

- **Credit Risk.** The possibility that a bond issuer will fail to repay interest and principal in a timely manner. Also called default risk.
- **Interest Rate Risk.** The possibility that a bond will decline in value because of an increase in interest rates.
- **Headline Risk.** The likelihood that a bond will decrease in value as a result of adverse media, such as when a high-profile default makes headlines.

### U.S. Government Securities Risks:

U.S. Government Securities are generally considered one of the safest investments in the global financial markets. Two types of risks exist, however: credit risk and interest rate risk. Credit risk is the risk that an issuer will default, while interest rate risk accounts for the impact of changes in prevailing rates. In general, it is widely accepted that U.S. Government Securities are among the world's safest in terms of the likelihood that their interest and principal will be paid on time. However, U.S. Government Securities are subject to interest rate risk, and longer-term securities (10 years and longer) can be quite volatile.

## **Item 9 Disciplinary Information**

Neither Smart Portfolio nor its management persons have had any legal or disciplinary events, currently or in the past.

## **Item 10 Other Financial Industry Activities and Affiliations**

Neither Smart Portfolio nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Smart Portfolio nor any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Smart Portfolio does not currently have any relationships or arrangements that are material to its advisory business or clients with either a broker-dealer, municipal securities dealer, or government securities dealer or broker, investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund” and offshore fund), other investment advisor or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, pension consultant, real estate broker or dealer or sponsor of syndicator of limited partnerships.

Aleksandr Dyo, Manager and Investment Advisor Representative for Smart Portfolio is also licensed and registered as an insurance agent to sell life, accident and other lines of insurance for various insurance companies. Smart Portfolio is also under common control with an insurance agency, RGL Insurance & Financial Services, Inc. Therefore, Smart Portfolio’s affiliated company and Mr. Dyo will be able to purchase insurance products for any client in need of such services and will receive separate, yet typical compensation in the form of commissions for the purchase of insurance products. This creates a conflict of interest because Mr. Dyo may be incentivized to make recommendations based upon the compensation received rather than upon the client’s best interests. Clients are not obligated to use the affiliated company or Mr. Dyo for insurance products services. However, in such instances, there is no advisory fee associated with these insurance products, and clients will be made aware of all commissions associated with the products prior to the transactions.

Mr. Dyo is also the Managing Member of Empower Opportunity Zone Fund LLC (the “Fund”), and Member of Kingdom Impact Capital, LLC (“Kingdom”). The Fund invests in real estate projects in a Qualified Opportunity Zone, and Kingdom identifies and manages the real estate properties within the Fund. Smart Portfolio does not provide advisory services to the Fund, and clients of Smart Portfolio are not investors in the Fund (and the Fund is closed to new investors). Therefore, there are no conflicts of interest resulting from Mr. Dyo’s activities with these entities.

Smart Portfolio does recommend or select other investment advisors for clients. For more specific detail see the response to 4 above.

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

Smart Portfolio is registered with the SEC and maintains a Code of Ethics pursuant to SEC rule 204A-1. Smart Portfolio has adopted a Code of Ethics that sets forth the basic policies of ethical

conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of Smart Portfolio deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of Smart Portfolio are conducted in a manner that avoids any conflict of interest between such persons and clients of the adviser or its affiliates. Smart Portfolio collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest. Smart Portfolio will provide a copy of the Code of Ethics to any client or prospective client upon request.

Smart Portfolio does not recommend to clients, or buy or sell for client accounts, securities in which the firm or a related person has a material financial interest.

Smart Portfolio and/or its investment advisor representatives may from time to time purchase or sell products that they may recommend to clients. This practice creates conflicts of interest in that personnel of Smart Portfolio can take advantage of the advance knowledge of firm securities trading and trade their personal accounts ahead of the client trades or recommend trades in client accounts that may affect the price of the securities owned by the Investment Advisor Representatives. To mitigate these conflicts, Smart Portfolio has adopted a Code of Ethics as noted above. Smart Portfolio's Code of Ethics is available upon request. Finally, supervised persons of registered investment advisors are fiduciaries by law and are required to put the client's interest before those of the firm and themselves.

Smart Portfolio requires that its investment advisor representatives follow its basic policies and ethical standards as set forth in its Code of Ethics.

Investment Advisor Representatives of Smart Portfolio may trade for their own accounts securities that are being traded for client accounts at or about the same time. To mitigate the conflict of interest in such circumstances, Smart Portfolio's policy is to require the trading of all relevant client accounts prior to the trading of their own accounts. The Chief Compliance Officer examines personal trading activities of Smart Portfolio's personnel to verify compliance with this policy.

## **Item 12 Brokerage Practices**

Smart Portfolio requires that clients use brokers or dealers selected based on execution and custodial services offered, cost, quality of service and industry reputation. Smart Portfolio will consider factors such as commission price, speed and quality of execution, client management tools, and convenience of access for both the Advisor and client in making its suggestion.

Smart Portfolio may receive proprietary research services or other products as a result of recommending a particular broker which may result in the client paying higher commissions than those obtainable through other brokers. If Smart Portfolio does receive such products or services, it will follow procedures which ensure compliance with Section 28(e) of the Securities Exchange Act of 1934 or applicable state securities rules.

The firm seeks to obtain the most favorable net results for clients' price, execution quality, services and commissions. Although the firm seeks competitive commission rates, it may pay commissions on behalf of clients which may be higher than those available from other brokers in order to receive

other services. The firm may enter into such transactions so long as it determines in good faith that the amount of commission paid was reasonable in relation to the value of the brokerage and research services provided by the broker. The services that may be considered in this determination of reasonableness may include (1) advice, either directly or through publications or writing, as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; (2) analysis and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts; or (3) effecting securities transactions and performing functions incidental thereto. Such research furnished by broker-dealers may be used to service any or all of Smart Portfolio's clients and may be used in connection with accounts other than those that pay commissions to the broker-dealers providing the research. In particular, third-party research provided by broker-dealers may be used to benefit all of the firm's clients. This creates a conflict of interest in that the firm has an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on the clients' interest in receiving most favorable execution.

Benefits received may be used as soft dollars provided that:

- The service is primarily for the benefit of Smart Portfolio's clients
- The commission rates are competitive with rates charged by comparable broker-dealers; and
- Smart Portfolio does not guarantee a minimum amount of commissions to any broker-dealer.

Smart Portfolio does not receive client referrals from any broker-dealer or third party as a result of the firm selecting or recommending that broker-dealer to clients.

Smart Portfolio recommends that all clients use a particular broker-dealer for execution and/or custodial services. The broker-dealer is recommended based on criteria such as, but not limited to, reasonableness of commissions charged to the client, tools and services made available to the client and the Advisor, and convenience of access to the account trading and reporting. The client will provide authority to Smart Portfolio to direct all transactions through that broker-dealer in the investment advisory agreement.

As an investment advisory firm, Smart Portfolio has a fiduciary duty to seek best execution for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the client. Smart Portfolio's primary objectives when placing orders for the purchase and sale of securities for client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. Smart Portfolio may not necessarily pay the lowest commission or commission equivalent as specific transactions may involve specialized services on the part of the broker.

Smart Portfolio does not permit clients to direct brokerage.

Smart Portfolio may combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g. for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of Smart Portfolio's investment advisory agreements. Equity trades are blocked based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Due to the low liquidity of certain securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. Smart Portfolio may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

### **Item 13 Review of Accounts**

Investment advisory client accounts are monitored at least on a quarterly basis. Client accounts are reviewed by the software system on the interactive website. The nature of the review is to determine whether the strategies to which the client accounts are allocated require transactions in order to keep the client accounts in line with stated objectives. The ongoing software monitoring generates signals to buy or sell securities to maintain alignment with the objectives.

The client is encouraged to update their investor profile on the Smart Portfolio website if changes occur in their personal financial situation that might materially affect their investment plan.

The client will receive written statements no less than quarterly from the custodian. Smart Portfolio does not deliver separate client reports, but an entity under common control with Smart Portfolio, Wealth Excel, LLC, generates quarterly client reports that aggregates client assets across financial institutions. Clients are urged to compare the account statements they receive from the qualified custodian with the reports they receive from Wealth Excel, LLC.

### **Item 14 Client Referrals and Other Compensation**

Smart Portfolio is not compensated by anyone for providing investment advice or other advisory services except as previously disclosed in this Brochure.

Smart Portfolio does not directly or indirectly compensate any person who is not a supervised person for client referrals.

## **Item 15 Custody**

Smart Portfolio does not have custody of client funds or securities, except for the withdrawal of advisory fees directly from client accounts (please see Item 5 which describes the safeguards around direct fee deduction). However, as noted in Item 13 above, clients will receive statements not less than quarterly from the qualified custodian, and we encourage you to review those statements carefully. Any discrepancies should be immediately brought to the firm's attention.

## **Item 16 Investment Discretion**

Smart Portfolio generally has discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from the client for each transaction. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by Smart Portfolio.

Discretionary authority will only be provided upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Smart Portfolio will be in accordance with each client's investment objectives and goals.

## **Item 17 Voting Client Securities**

Smart Portfolio will not vote, nor advise clients how to vote, proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. Also, Smart Portfolio cannot give any advice or take any action with respect to the voting of these proxies. The client and Smart Portfolio agree to this by contract. Clients will receive proxy solicitations from their custodian and/or transfer agent.

## **Item 18 Financial Information**

Smart Portfolio does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance, and is not required to file a balance sheet.

Smart Portfolio has discretionary authority over client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to clients. If Smart Portfolio does become aware of any such financial condition, this Brochure will be updated and clients will be notified.

Smart Portfolio has never been subject to a bankruptcy petition.