

Pivot Point Advisors, LLC – ADV Part 2A

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1. Cover Page

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This brochure provides information about the qualifications and business practices of Pivot Point Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (713) 715 7000. 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 Pivot Point Advisors, LLC is available on the Internet at <http://www.adviserinfo.sec.gov>. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Pivot Point Advisors, LLC is 130562.

2. Material Changes

The last annual update of this brochure was in February 2023. Material changes to our business since that update are as follows:

Pivot Point Advisors, LLC currently has regulatory assets under management of over \$110 million, so the firm has registered with the Securities and Exchange Commission.

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4. Advisory Business

Pivot Point Advisors, LLC (hereinafter “PPA” or the “Firm”) offers personalized investment advisory services to private investment entities, individuals, trusts, estates, charitable organizations, corporations, and other business entities. These services are rendered through Pivot Point Capital Management, LP, a Delaware limited partnership of which PPA is the general partner. PPA was founded in 2004 by Marc Schindler and Martin Gremm, the only two owners with a greater than 25% stake.

Portfolio Management Services

PPA provides discretionary portfolio management services on a continuous basis by offering several standardized portfolios to its clients. On a case-by-case basis, PPA also manages custom portfolios, but the majority of PPA’s portfolio management activities focus on the standard portfolios.

PPA’s portfolios include several domestic and international stock portfolios that are implemented via individual stocks or ETFs or some combination thereof. The offerings also include a fixed income portfolio.

Subscribers to a given portfolio will typically hold the same securities at the same prices as other subscribers. However, accounts subscribing to a given portfolio could be rebalanced in several groups on different days. For those portfolios only accounts in the same group will be substantially similar. It is possible to have variations in holdings and certainly in prices from tranche to tranche.

To implement these standard portfolios for clients, the Firm will typically be granted discretion and authority to manage the account without receiving prior permission from the client for each transaction.

Under such arrangements, PPA is authorized to determine the securities to be purchased or sold, the amount of securities to be purchased or sold, and the broker/dealer to be used. Once the portfolio is constructed, PPA provides continuous supervision and re-optimization as changes in market conditions and client circumstances require.

PPA’s services to clients are personalized in so far as the allocation of client assets to the various portfolios depends on the client’s situation and goals. Clients are permitted to specify securities to be included in or excluded from their holdings.

As of December 31, 2023, PPA manages \$120,648,240 on a discretionary basis and \$0 on a non-discretionary basis.

Financial Planning Services

PPA offers Financial Planning services to clients. These services can take the form of an hourly consultation to address specific questions or they can result in a Financial Plan. The latter entails creating a snapshot of the client’s current financial situation, including a personal balance sheet and cash flow statement, a review of their insurance coverages, and a plan for achieving a secure retirement or any other goals the client specifies.

PPA does not offer annuities, insurance, or any other product that pays a commission to ensure that our advice is unbiased and neutral.

5. Fees and Compensation

Asset Management

Asset management fees for relationships under \$2 million are as follows:

FIRST \$500,000	1.50%
NEXT \$500,000	1.25%
NEXT \$any	1.00%

Asset management fees for relationships of \$2 million and above are as follows:

FIRST \$2,000,000	1.00%
NEXT \$2,000,000	0.50%
NEXT \$any	0.30%

Charles Schwab & Company, Inc. ("Schwab") provides custody of securities, collection and distribution of interest and dividends, daily cash investment, and statements.

PPA provides portfolio reviews on a periodic basis. Some custodians charge fees for trade execution in addition to PPA's charges. These fees are generally below 0.25% of account assets per year and decrease with account size. Some custodians charge transaction fees on some mutual funds, so that clients could be paying more to purchase or sell these funds than if the Firm went directly to these fund families on behalf of clients. To the extent that a client's funds are invested in money market funds, mutual funds, or ETFs, clients pay an additional fee to the fund manager that is separate from the investment management fee paid to PPA for selecting and monitoring these investments. These fees to the fund managers are internal expenses which are disclosed in the fund prospectus which is sent directly to the client by the account custodian.

PPA charges asset management fees quarterly in advance by deducting the amounts directly from the client account.

PPA charges or refunds fees if the client adds or withdraws funds from an account managed by PPA. In the case of an addition, the advisory fee for the added amount shall be prorated according to period from the date client deposits funds with PPA to the end of such quarter and shall be prorated according to the proportion that such period bears to the full quarter (i.e., the ratio of calendar days in the period from the deposit of funds to the end of the then current calendar quarter divided by the number of calendar days in the quarter). In the case of a withdrawal of funds, the advisory fee refund is calculated by prorating the advisory fee for the withdrawn amount from the date of the withdrawal to the end of the quarter using the same methods as for additions. Any termination of this agreement before the end of a quarter shall be treated as a full withdrawal as of the termination date for the purpose of

calculating prorated advisory fees. Partial quarter fee refunds will be treated as a credit to be applied to the next quarter's fee. Refunds shall be subject to a \$100 minimum if the account is liquidated or closed.

The foregoing describes PPA's basic fee schedule. Fees are negotiable in certain limited circumstances. These arrangements with any client will vary.

Financial Planning

Financial Planning fees are payable after delivery of the services. PPA offers Financial Plans for \$3900 and consulting services for \$250/hour. Clients can terminate the existing agreement in writing at any time.

Commissions and other Transaction-based Compensation

PPA receives no transaction-based compensation and no commission from any source.

6. Performance-Based Fees and Side-By-Side Management

PPA does not charge performance-based fees, so side-by-side management is not applicable.

7. Types of Clients

PPA's clients primarily consist of individuals and small businesses. The minimum relationship size is \$250,000 for asset management. This minimum can be waived in certain circumstances. There is no minimum account size or fee for PPA's financial planning services.

8. Methods of Analysis, Investment Strategies and Risk of Loss

PPA offers a range of investment strategies that are discussed below.

Quantitative long-only Stock Strategies

PPA offers several strategies of this type. These strategies use computerized analyses of balance sheet data and historical price performance to identify attractive sectors and securities. These portfolios are rebalanced approximately monthly and can have high turnover in certain market environments. The main risk for these strategies is market risk since these portfolios will generally follow the overall direction of the stock market. Other risks include but are not limited to:

- strategy risk, the risk that the algorithm selects securities that do not perform as expected or as well as the benchmark,
- sector risk, the risk that the strategies' sector allocations turn out to be unfavorable, and
- data risk, the risk that the algorithm analyzes incorrect data.

In addition, there are the usual investment risks such as political risks, liquidity risks, geographic risk, fraud by publicly traded companies, and so forth.

Semi-Quantitative long-only Stock Strategies

This group of strategies allows for more discretion in the selection of investments, but the portfolio manager is still bound by clear buy and sell rules that ensure a rigorous buy and sell discipline and minimal style drift.

These strategies attempt to combine the rigor of quantitative strategies with a human assessment of factors that cannot be readily quantified and measured. Examples of such factors include the economic outlook, the relative strength of various national economies, current market conditions, etc.

These strategies are exposed to the risk of human misjudgment in addition to the risks listed above.

ETF Strategies

PPA currently offers only two such strategies. One aims to provide exposure to the fixed income markets, the other to global equity markets. Both portfolios are implemented using ETFs that track various broad indices. Both strategies are rebalanced quarterly using non-discretionary buy and sell rules.

These strategies are exposed to market risk, sector, asset class and geographic allocation risk, and all the risks listed above.

9. Disciplinary Information

There have been no disciplinary actions or reportable complaints against PPA or any of its personnel.

10. Other Financial Industry Activities and Affiliations

PPA has no affiliated entities and its personnel have no other revenue sources in the financial industry.

11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

PPA has a written Code of Ethics designed to ensure that client interests come first. A copy of the full policy is available on request. This policy defines how PPA's personnel place trades for themselves versus trades placed for clients and includes a policy against using inside information.

Our business model is designed to minimize conflicts of interest between the client and PPA. PPA's only source of income is fees for services rendered to clients. PPA receives no commissions from insurance companies or mutual fund vendors, which could lead to recommendations favoring the products these vendors offer.

Nevertheless, some unavoidable conflicts remain, and this section provides a summary of PPA's policies to mitigate them.

Personal Trading

PPA permits personal trading by employees in securities that are also held in client accounts as long as one of two conditions is satisfied: Either personal trades do not take place on the same day as trades for clients in the same securities, or the personal trade and the trades for clients are executed as one block trade so that each participant in the trade receives the same price. These policies are designed to prevent PPA and its employees from front-running clients.

Although PPA does not expect to receive inside information, if any person should do so, he/she is not permitted to pass it on or to trade based on that information. Gifts from vendors must be of a nominal value and cannot be accepted if the receipt of the gift could influence PPA's choice of vendors or the services provided.

12. Brokerage Practices

PPA generally executes client trades through the brokerage associated with the custodian that houses the client account. This is the only cost-effective option at PPA's account sizes, since trade-away fees would overwhelm any benefit to the client from better executions elsewhere. Currently PPA's only custodian is Charles Schwab Institutional. PPA has selected this custodian for its financial stability, discounted commission structures, quality of service, and electronic trading platforms.

PPA has no soft dollar arrangements, i.e., it receives no benefit from using Schwab for executions that exceed the custodian's standard services that are offered regardless of trading volume.

PPA generally aggregates all client orders in the same security, on the same day, and in the same direction, and executes them as a block trade. This ensures that all clients making the same transaction receive the same average price.

13. Review of Accounts

Accounts are generally reviewed at least once a year by one of PPA's partners to ensure that strategy selection continues to match the client's objectives. All client accounts are rebalanced periodically. The frequency ranges from approximately monthly to a few times a year for the slower strategies. Financial plans are not reviewed automatically. They are intended as one-time snapshots. We offer a tune-up service for financial planning clients who are interested in an update.

14. Client Referrals and Other Compensation

PPA does not pay outside parties to solicit clients.

15. Custody

PPA has custody of client assets only by virtue of deducting management fees directly from client accounts. Clients receive statements from the independent custodian where their accounts are housed.

These statements show all assets, transactions, and fees and are sent at least quarterly, and often monthly. PPA is not involved in generating these statements, nor can PPA take control of client accounts or move assets except for charging fees. Clients are advised to review their brokerage statements carefully.

16. Investment Discretion

See Item 4. The Firm will typically be granted discretion and authority to manage client accounts without receiving prior permission from the client for each transaction. Under such arrangements, PPA is authorized to determine the securities to be purchased or sold and the amount of securities to be purchased or sold. Clients can, but rarely do, place restrictions on investments to be placed in their portfolios.

17. Voting Client Securities

PPA will not vote proxies for clients. Clients will receive their proxy material directly from the account custodian.

18. Financial Information

There is no financial condition that is reasonably likely to impair the Firm's ability to meet its contractual commitments to its clients. PPA is not required to provide its clients a balance sheet.