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## Part 2A of Form ADV Firm Brochure

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### MACROCLIMATE LLC

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March 28, 2024

#### ITEM 1 COVER PAGE

This brochure provides information about the qualifications and business practices of Macroclimate LLC (“Macroclimate”), located in San Francisco, CA with postal mailing address at Box 7775 #20915, San Francisco, CA 94120. If you have any questions about the contents of this brochure, please contact us at 415-723-9695 or [info@macroclimate.com](mailto:info@macroclimate.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Macroclimate also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 130655.

#### ITEM 2 MATERIAL CHANGES

Due to certain rules and regulations promulgated by the SEC, Macroclimate is required to distribute this brochure to you so that you may have a better understanding of our qualifications and business practices.

Macroclimate amends this brochure at least annually. To receive a copy of our most recent brochure at any point during the year, please call (415) 723-9695 or email [compliance@macroclimate.com](mailto:compliance@macroclimate.com) and a copy will be sent to you without charge. You may also receive a copy of the most recent brochure and additional information regarding Macroclimate from [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) under Investment Adviser Search and on our website at [www.macroclimate.com](http://www.macroclimate.com).

If applicable, this item will contain a summary of material changes to the information in this brochure since the last annual update of this brochure. Since the last annual update in January 2023, the following are material changes to this brochure:

- Item 9, SEC order.
- Item 10, strategic relationship with Dimensional Fund Advisors, LP.
- Item 14, service agreement for client referrals.

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#### **ITEM 4 ADVISORY BUSINESS**

Macroclimate is an SEC-registered investment adviser with its principal place of business at Oakland, CA and postal mailing address at Box 7775 #20915, San Francisco, CA 94120. We began conducting business in 2004. Peter Kriss, Ph.D. is the firm's Managing Member, Managing Partner, Chief Investment Officer and Chief Compliance Officer. Mark R. Kriss, Partner is Member of Macroclimate LLC.

##### **INVESTMENT MANAGEMENT SERVICES**

Macroclimate offers the following advisory services to our clients:

Our firm provides asset management of client funds based on the needs of each client. Through personal discussions in which investment goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy statement. We create and manage client portfolios based on that policy.

During our data-gathering process, we determine the client's investment time horizon, risk tolerance and importance of environmental considerations among other factors. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis. Once the client's portfolio has been established, we review the portfolio annually, and if necessary, rebalance the portfolio no less frequently than on an annual basis, based on the client's individual needs.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Exchange-traded funds
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities

Because some types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, investment horizon, risk tolerance, liquidity and suitability.

## **AMOUNT OF MANAGED ASSETS**

As of December 31, 2023, we were managing \$168,265,935 of clients' assets on a discretionary basis.

## **ITEM 5 FEES AND COMPENSATION**

### **INVESTMENT MANAGEMENT SERVICES FEES**

Minimum account size is \$200,000.

Fees for our clients are as follows: for portfolios of \$200,000 to less than \$500,000, fee is \$2,000 per year; for portfolios of \$500,000 to under \$5M, annual fee is 0.4% of total assets under management; for portfolios of \$5M to under \$10M, annual fee is 0.35% of assets under management; for portfolios larger than \$10M, annual fee is 0.25% of assets under management. All fees are billed quarterly.

Our fees are billed in arrears at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value) of the client's account at the end of the previous quarter with adjustment for capital flows during the quarter. For example, if a client at the 0.40% fee level deposited \$50,000 on the last day of the quarter (and there are 92 days in the quarter), their fees would be reduced by  $50000 * (91/92) * 0.004 / 4 = \$49.45$ . Fees are debited from the account in accordance with the client authorization in the client Investment Advisory Agreement.

### **GENERAL INFORMATION**

#### ***Termination of the Advisory Relationship***

Either party may terminate the advisory relationship with or without cause at any time by written notice to the other party. In addition, all custodial termination and transfer fees, if any, assessed by the custodian will be the responsibility of the client. Upon termination, investment management fees will be prorated to the date of termination.

#### ***Mutual Fund Fees***

All fees paid to Macroclimate for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

#### ***Additional Fees and Expenses***

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

#### ***Grandfathering of Minimum Account Requirements***

Pre-existing advisory clients are subject to Macroclimate's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

#### ***Advisory Fees in General***

Lower fees for comparable services may be available from other sources.

#### ***Limited Prepayment of Fees***

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

## **ITEM 6 PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Macroclimate does not charge performance-based fees. “Side-by-Side Management” refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management, hourly charges, fixed fees (not including subscription fees) and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Macroclimate has no performance-based fee accounts, it has no side-by-side management.

## **ITEM 7 TYPES OF CLIENTS**

Macroclimate provides advisory services to the following types of clients:

- Individuals and families
- Donor-advised funds
- Non-profit organizations

At this time, our standard minimum portfolio size is \$200,000. This minimum is negotiable downward upon approval of the firm's Managing Partner.

## **ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS**

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

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

### ***Modern Portfolio Theory***

Our investment strategy is principally based on Modern Portfolio Theory, with emphasis on disciplined asset allocation planning, low expenses, and minimization of taxes and transaction costs. Continuing research in behavioral economics, which applies the insights of psychology to finance, also are considered, particularly in investment design and trade planning.

Modern Portfolio Theory represents the philosophical opposite of traditional stock picking. It is based on academic research at the University of Chicago, Stanford University and elsewhere, which showed that combining many uncorrelated financial assets in a portfolio can be less risky than putting all your investment eggs in one basket. In this context, our investment strategy typically seeks continuous exposure to a broad mix of asset classes worldwide. Passive-managed investments such as index funds and factor-based mutual funds and ETFs are Macroclimate's primary investment vehicles.

### ***Risk of Loss***

Investing in securities involves risk of loss that clients should be prepared to bear. Clients assume all market risk involved in the investment of their assets and understand that investment decisions are subject to various market, currency, economic, political, and business risks.

## **ITEM 9 DISCIPLINARY INFORMATION**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our management personnel have no reportable disciplinary events to disclose.

However, after November 4, 2022, the compliance deadline for the amended marketing rule, Macroclimate advertised hypothetical performance on its public website without adopting and implementing the necessary updated policies

and procedures. Due to the use of hypothetical performance data, Macroclimate was found to have violated Section 206(4) of the Advisers Act and Rule 206(4)-1(d) thereunder. Macroclimate also failed to maintain copies of each advertisement that it disseminated in violation of Section 204(a) of the Advisers Act and Rule 204-2(a)(11) thereunder. On September 11, 2023, without admitting or denying the findings, Macroclimate consented to the Entry of the Order Instituting Administrative and Cease-And-Desist Proceedings. Macroclimate was censured and was required to pay a civil money penalty. When applying the new regulatory standards, it was determined that the advertised hypothetical performance understated Macroclimate's actual performance.

## **ITEM 10 OTHER FINANCIAL ACTIVITIES AND AFFILIATIONS**

Macroclimate Partner Mark Kriss is Managing Director of Geofinancial Analytics, Inc., a Delaware benefit corporation and provider of environmental risk data on public companies to professional investors.

Macroclimate has a strategic relationship with Dimensional Fund Advisors, LP ("DFA"), an SEC registered investment advisor. Macroclimate is a member of Dimensional's Sustainability Funds Council. As such, our input is solicited by Dimensional when it comes to decisions regarding how to appropriately incorporate sustainability factors into their fund strategies. There is no compensation given or received in connection with this activity.

## **ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING**

### *Summary of Key Principles*

Our firm has adopted a Code of Ethics, which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. This Code is based on a few basic principles that should pervade all investment related activities of all employees, personal as well as professional:

- (1) The interests of the Adviser's clients/investors come before the Adviser's or any employee's interests;
- (2) Each employee's professional activities and personal investment activities must be consistent with this Code and avoid any actual or potential conflict between the interests of clients/investors and those of the Adviser or the employee; and
- (3) Those activities must be conducted in a way that avoids any abuse of an employee's position of trust with and responsibility to the Adviser and its clients/investors, including taking inappropriate advantage of that position.

Our *Code of Ethics and Conduct* is detailed in our *Policies and Procedures Manual*, both of which are available to our advisory clients and prospective clients. You may request a copy by email sent to [compliance@macroclimate.com](mailto:compliance@macroclimate.com), or by calling us at (415) 723-9695.

### *Conflicts of Interest*

Our *Code of Ethics and Conduct* is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

The Client agrees that the Advisor may refrain from rendering any advice or services concerning securities of companies in which the Advisor may have material economic interest, unless the Advisor either determines in good faith that it may appropriately do so without disclosing such conflict to the Client or discloses such conflict to the Client prior to rendering such advice or services with respect to the client's account(s).

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's *Code of Ethics and Conduct*, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
- Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
- We have established procedures for the maintenance of all required books and records.
- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
- We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- Any individual who violates any of the above restrictions may be subject to termination.

### ***Personal Trading***

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts. We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. For details, please refer to our *Policies and Procedures Manual*.

## **ITEM 12 BROKERAGE PRACTICES**

### ***Written Authority***

Macroclimate requires all clients to provide us with written authority to determine the broker dealer to use and the transaction costs that will be charged to these clients for these transactions.

### ***Best Execution and Benefits of Brokerage Selection***

When given discretion to select the brokerage firm that will execute orders in client accounts, Macroclimate seeks “best execution” for client trades, which is a combination of several factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, Macroclimate may use or recommend the use of brokers who do not charge the lowest available transaction fees in the recognition of research and other securities transaction services Macroclimate may receive. Macroclimate conducts best execution report reviews bi-annually to verify best execution. Research services received with transactions may include third-party research and may be used in servicing any or all Macroclimate clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

### ***Soft Dollar Arrangements***

Macroclimate does not have any soft dollar arrangements and does not receive any soft-dollar benefits.

### ***Brokerage for Client Referrals***

Macroclimate does not consider, in selecting or recommending broker-dealers, whether we or a related person receive client referrals from a broker-dealer or third-party.

### ***Directed Brokerage***

Macroclimate does not recommend, request, or require that a client direct us to execute transactions through a specified broker-dealer. Not all advisers require their clients to direct brokerage. Macroclimate does not permit a client to direct brokerage.

### ***Block Trading Policy and Procedures***

Macroclimate may block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price.

Macroclimate's block trading policy and procedures are as follows:

The Adviser will endeavor to make all investment allocations in a manner that it considers to be the most equitable to all accounts. The allocation ratio used for those trades excludes the capital, from the denominator, of the accounts not participating in the trades. The Adviser will endeavor to make all investment allocations in a manner that it considers to be the most equitable to all accounts.

Allocation procedures should be fair and equitable to all client/investor types with no account(s) being favored or disfavored over any other account(s).

Aggregation, or "bunched" orders, must be transacted under the following circumstances:

- The Adviser must ensure that its authority for each account included in the aggregated order allows for aggregation.
- The Adviser must ensure that adequate and full disclosure of its allocation and bunching practices has been made prior to the transaction.
- All clients/investors, accounts or funds participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rata basis.
- Aggregate transactions must not be executed unless the intended and resultant aggregation is consistent with its duty to seek best execution and any terms found in the Adviser's written agreements.
- Aggregated orders filled in their entirety shall be allocated among clients/investors, accounts or funds in accordance with an allocation statement created prior to the execution of the transaction(s); partially filled orders shall be allocated pro-rata based on the allocation statement.
- Client/Investor funds held collectively for the purpose of completing the transaction may not be held in this commingled manner for any longer than is practical to settle the transaction.
- Each client/investor, account or fund that participates in an aggregated order will participate at the average share price for all the Adviser's transactions in that security on a given business day, with transaction costs shared pro-rata based on each client/investor's, account's or fund's participation in the transaction.
- Investments resulting from any aggregated order must be consistent with the specific investment objective(s) of each client/investor, account or fund as detailed in any written agreements.
- No additional compensation shall result from the proposed allocation.
- No client/investor, account or fund will be favored over any other client/investor, account or fund as a result of the allocation.
- Pre-allocation statement(s) specifying the participating client/investor accounts and the proposed method to allocate the order among the clients/investors, accounts or funds are required prior to any allocated order. Should the actual allocation differ from the allocation statement, such trade may only be settled with the approval of the CCO or another appropriately qualified and authorized principal of the Adviser.

For further details on our trading practices, please see our *Policies & Procedures Manual*, which is available to our advisory clients and prospective clients. You may request a copy by email sent to [research@macroclimate.com](mailto:research@macroclimate.com), or by calling us at 415-723-9695.

### **ITEM 13 REVIEW OF ACCOUNTS**

Our firm's Managing Member & Managing Partner offers to meet with clients at least annually to review and explain the portfolio's investment results and any related issues. On-demand performance reports are available via our client portal. Peter Kriss, Managing Member & Managing Partner, conducts all client reviews. Clients receive, no less frequently than on an annual basis, the following written management reports:

- Portfolio performance results over the year, 3 years, and 5 years, if applicable
- Performance results of comparative benchmarks for the same periods
- Annual status regarding asset allocation — current versus policy
- Any recommendations for changes of the above.

### **ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION**

It is Macroclimate's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards, or other prizes, from a non-client in conjunction with the advisory services we provide to our clients. The firm never earns commissions based on where we invest our clients' money or referral fees for helping clients connect with advisors for tax and accounting services.

However, Macroclimate entered into a service agreement with Smart Asset Advisors LLC to connect Macroclimate with potential client leads for a flat fee based on parameters established by Macroclimate such as, but not limited to, geography, minimum asset requirements, and types of services offered and desired.

### **ITEM 15 CUSTODY**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement. Our firm does not have actual or constructive custody of client accounts.

### **ITEM 16 INVESTMENT DISCRETION**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Under no circumstances is this authority and Limited Power of Attorney to be construed to grant the registrant custody of clients' cash or securities.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell;
- Broker or dealer to be used for a purchase or sale.

Clients give us discretionary authority when they sign a discretionary agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.



## **ITEM 17 VOTING CLIENT SECURITIES**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for:

- (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and
- (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We do not offer any consulting assistance regarding proxy issues to clients.

## **ITEM 18 FINANCIAL INFORMATION**

Macroclimate has no additional financial circumstances to report. Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. Macroclimate has not been the subject of a bankruptcy petition at any time during the past ten years.

## **ITEM 19 BIOGRAPHICAL INFORMATION OF LEADERSHIP TEAM**

### **PETER KRISS, Managing Member, Managing Partner, Chief Investment Officer, Chief Compliance Officer & Member, Born 1984**

*Education:* B.A., Swarthmore College (2007); M.S. (2009) and Ph.D. (2012), Behavioral Decision Research, Carnegie Mellon University

*Business Background:* Director, Product & Analytics, Qventus, Inc. (2018-present), a software company serving hospitals and hospital systems, an outside business activity for which Mr. Kriss receives compensation. This is unrelated to Macroclimate's business. Lead Research Scientist, Medallia, Inc. (2012–18).

Mr. Peter Kriss has no legal or disciplinary events to disclose.

On certain matters which require specific supervision, Mr. Mark Kriss provides supervision over Mr. Peter Kriss.

### **MARK R. KRISS, Partner & Member, Born 1952**

*Education:* B.A., University of California, Berkeley (1974); MA, Communication Research, University of Minnesota (1980); Executive Program in Financial Management, Stanford University (1998)

*Advisory Boards (volunteer):* Chair, External Advisory Board of University of Minnesota Institute on the Environment; Member, Dimensional Fund Advisors Sustainability Funds Council (The Sustainability Funds Council is a group of consultants and wealth managers not affiliated with Dimensional working together with Dimensional to research the best ways to provide sustainability investment solutions to investors.)

*Business Background:* Co-founder and Managing Director, Geofinancial Analytics, Inc. (2018-present), an outside business activity for which Mr. Kriss is compensated; Co-founder, Executive Vice President, and Member, Board of Directors: Cohesive Technology Solutions, Inc., acquired in 1999 by Exodus Communications (1993-98); Co-founder, Chief operating officer, and Member, Board of Directors: FX Development Group, Inc., acquired in 1989 by Dow Jones & Co. (1985-89).

Mr. Mark Kriss has no legal or disciplinary events to disclose.

On certain matters which require specific supervision, Mr. Peter Kriss provides supervision over Mr. Mark Kriss.