

**Part 2A**

**Item 1 – Cover Page**

# **ARTIENCE CAPITAL MANAGEMENT, LLC**

Private Residence

[www.artiencecapital.com](http://www.artiencecapital.com)

800-337-0353

March 25, 2024

This Brochure provides information about the qualifications and business practices of Artience Capital Management, LLC (the “Adviser”). If you have any questions about the contents of this Brochure, please contact the Adviser at the telephone number listed above. The information in this Brochure has not been approved by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

Artience Capital Management, LLC is registered as an investment adviser with the California Department of Business Oversight. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provides you with information with which you can determine whether to hire or retain an adviser.

Additional information about the Adviser (CRD #150762) is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

The principal place of business changed to a private residence.

This Item 2 will discuss only specific material changes that are made to this Brochure and provide you with a summary of the changes. We will also reference the date of our last annual update of our Brochure.

We offer or deliver information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days after the close of our fiscal year.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting the Company at the telephone number on the cover page.

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## **Item 4 – Advisory Business**

### ***A. Description of the Company***

Artience Capital Management, LLC (“the Adviser”) is a California limited liability company. The firm was founded in 2009. Kim Nordmo is the Company’s managing member with full responsibility for its day-to-day operations and investment activities.

### ***B. Types of Investment and Advisory Services Offered***

<b>Portfolio Wealth Management</b>
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Portfolio wealth management encompasses discretionary investment management and financial consulting services. It is designed to assist clients in meeting their financial goals through the use of financial investments.

At the outset of each client relationship, we meet with each client and propose a unique investment approach for investing the client’s assets based upon the client’s stated investment objectives, risk tolerance and financial circumstances. Based on the foregoing, we generally propose an investment plan consisting of exchange traded funds, mutual funds, individual stocks and bonds and/or other securities.

The Adviser doesn’t participate in wrap fee programs by providing portfolio management or any other services.

<b>Sub-Advisory Services</b>
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The Adviser has entered into sub-advisory agreements with various independent investment advisers (“Sub-advisers”) in order to be able to offer investment management services to clients.

Sub-advisers are often chosen because they possess certain expertise in securities or investment strategies that the Adviser does not have. Sub-advisory relationships enable the Adviser to offer clients a broader range of services.

Under separate agreement the Adviser will have the authority to allocate and reallocate client assets among various investment managers and will allocate assets to the Sub-advisers based on that authority. Sub-advisers are licensed as investment advisers by their resident states and other applicable jurisdictions or with the Securities and Exchange Commission.

The Adviser will gather information about a client's financial situation and investment objectives. The Sub-adviser will have the power and authority to supervise and direct all investment decisions for those accounts designated by the Adviser on a discretionary basis, including the purchase and sale of securities and any other transactions unless specifically directed otherwise by the Adviser in writing.

The Sub-adviser will have discretionary authority to aggregate (combine) purchases and sales of securities with similar orders of non-Adviser clients and proportionately divide up securities if unable to fill all orders. An account will be deemed to have purchased or sold its proportionate share of the securities at the average price determined for the overall transaction when transactions are aggregated. More information on the Sub-adviser's aggregation policies is shown in the Sub-Adviser's brochure.

Clients have the option to purchase investment products or services offered or recommended by the Adviser through other brokers or agents that are not affiliated with the Adviser or investment adviser representatives.

## **Financial Planning & Consulting**

The Adviser may act as a consultant and provide financial planning services to a variety of clients. The financial planning and consulting services primarily involving real estate transactions.

### ***C. Assets Under Management***

The Adviser manages \$100,778,370 in discretionary assets and \$24,439,630 in non-discretionary assets as of December 31, 2023.

### **Conflicts of Interest**

All material conflicts of interest under CCR Section 260.238 are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice, are disclosed within this brochure.

Financial planning – There is a potential conflict of interest because there is an incentive for the Adviser offering financial planning services to recommend products or services for which the Adviser or an associated person may receive compensation. However, financial planning clients are under no obligation to act upon any recommendations of the Adviser or to execute any transactions through the Adviser or an associated person if they decide to follow the recommendations.

## **Item 5 – Fees and Compensation**

### ***A. Types of Compensation***

#### **Portfolio Wealth Management**

Clients pay a management fee calculated as a percentage of their invested assets in the account. The management fee ranges from 1% to 2% (*per annum*) depending on the client's assets under management. The management fee is calculated quarterly and paid quarterly in advance based on the market value of the account at the end of the previous quarter. If a Client terminates our services before the end of a billing period, the Client is assessed a pro-rata management fee based on the number of days we managed the Client's account.

### Sub-Advisory Fees

Fees are payable in accordance with the provisions of the Sub-adviser's ADV Part 2A brochure. The compensation is generally a percentage of the assets under management. The account custodian collects investment management including sub-advisory fees and allocates them among all interested parties. The ADV Part 2A brochure or equivalent disclosure document of the Sub-adviser contains complete information regarding interested parties. Clients will receive an ADV Part 2A brochure of their Sub-adviser in addition to the Part 2A brochure of the Adviser.

### Consulting

The Adviser charges clients an hourly fee for consulting services. Clients are billed at the rate of \$500 an hour.

#### ***Method of billing – Portfolio Wealth Management Accounts***

Fees are calculated quarterly and paid quarterly in advance based on the market value of the account at the end of the previous quarter. Exceptions may be made to the published fee schedule under certain circumstances pursuant to a negotiated fee agreement with the client. If a client withdraws funds, any fees, commissions or other expenses associated with rebalancing or liquidating the account's holdings may be assessed to the account. Fees are automatically deducted from the account. We follow the following process for our clients' protection:

- Each client account is separately held by a "qualified custodian;"
- The custodian sends statements no less frequently than quarterly showing all disbursements from the account, including the amount of the advisory fee; and
- Our standard investment advisory agreement contains each client's written authorization for us to be directly paid on these terms.

#### ***Method of billing – Consulting***

Hourly fees are due and payable upon completion of the services. Clients may be invoiced or fees are deducted from client accounts.

#### ***B. Other Fees and Costs***

Advisory clients should note that fees for comparable services vary and lower or higher fees for comparable services may be available from other sources.

In addition to the management fee set forth above, portfolio wealth management clients may pay some or all of the following costs and expenses:

*Account Costs:* All fees charged by Artience Capital are separate and distinct from any fees and expenses charged by any mutual funds or exchange-traded funds to their shareholders. These fees and expenses are described in each such fund's prospectus.

*Custodial Fees:* All custody costs and expenses are charged by the custodian to the account.

#### ***D. Return of Unearned Management Fees***

Clients will have a period of five (5) business days from the date of signing Portfolio Wealth agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, either party may terminate the advisory agreement with 30 days written notice. Upon termination, the Adviser will prorate fees to the date of termination and will refund any unearned portion of the fee to the client.

Clients will have a period of five (5) business days from the date of signing a Consulting agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, either party may terminate the agreement prior to completion of the services with written notice. Since fees are payable after services are provided, there are no unearned fees and the client is not due a refund upon early terminate of a consulting agreement. However, the Adviser will prorate fees to the date of termination.

#### ***E. Compensation From the Sale of Investment Products***

We do not accept compensation or commissions for the sale of securities or other investment products.

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

We do not charge performance-based fees.

### **Item 7 – Types of Clients**

We provide investment services to individual and institutional investors including, for example, corporate pension and profit-sharing plans, charitable institutions, foundations and endowments. Portfolio management clients are generally subject to a \$1 million minimum. We may waive these minimums in our discretion.

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

We primarily use fundamental analysis when choosing individual securities for investment in client accounts. However, we also may consider other factors and employ other methods of analysis—for example, fundamental analysis of stocks with cyclical characteristics.

Our approach to developing and managing investment portfolios is predicated on certain fundamental assumptions with regard to the factors that most influence investment success—chief among them being rigorous and thoughtful asset allocation among asset classes. We believe the right mix of assets is important to long-term investment results. Diversification is part of our investment discipline. We invest in a broad spectrum of economic sectors, and in both U.S. and foreign markets. Each security added to the portfolio is intended to minimize the risk or expand the portfolio's opportunity for return.

Investing in securities involves losses that you should be prepared to bear. Performance of any investment is subject to numerous factors which we can neither control nor predict. These factors include a wide range of economic, political, competitive and other conditions which may affect investments in general or within specific industries or companies.

#### **Item 9 – Disciplinary Information**

On October 16, 2013 we settled allegations by the California Department of Business Oversight (DBO) that Artience Capital Management, LLC failed to switch from registration with the Securities and Exchange Commission and registered with the state of California in violation of the California securities laws/regulations from May to December 2012.

Ms. Nordmo was sued by her former employer, Merrill Lynch, Pierce, Fenner & Smith Incorporated. Ms. Nordmo was unable to settle the matter on terms acceptable to Ms. Nordmo. On July 10, 2012, the Financial Industry Regulatory Authority (FINRA) notified Ms. Nordmo by letter that her FINRA membership was temporarily suspended pending settlement of the matter. The matter was settled in December, 2012 and the FINRA suspension was lifted in April, 2013.

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

At this time, neither Artience Capital nor Ms. Nordmo conducts any other financial industry activities or has other financial industry affiliations.

#### **Item 11 – Code of Ethics**

We have adopted a code of ethics (“Code of Ethics”) for all of our members and employees describing our high standard of business conduct and fiduciary duties to our clients. As a fiduciary, we have a responsibility to act solely in the best interest of each of our clients at all times. This fiduciary duty is considered the core principle for our Code of Ethics.

The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All our members and employees must acknowledge the terms of the Code of Ethics annually, or as it is amended.

Our Code of Ethics in some circumstances permits members and employees to invest in the same securities as clients. There is a possibility that members and employees might benefit inadvertently from market activity by a client in a security held by an employee.

All “Access Persons” associated with us are required to follow the Code of Ethics. Among other things, our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our members and employees will not interfere with making decisions in your best interest and implementing the decisions.



You may request a copy of our Code of Ethics by contacting us at the telephone number on the cover page.

#### Additional Conflict of Interest Disclosures

The Adviser (or associated persons or the Adviser) receive payments related to a relationship with a custodian in the following circumstances:

- Payments from a custodian based on the value of client assets maintained at that custodian

The above situation will result in a conflict of interest by creating an incentive for the Adviser or associated persons to recommend a particular investment product or service.

The Adviser informs clients that they are under no obligation to act upon any recommendations or execute any transactions and may elect to do business with other advisers or broker-dealers at any time.

### **Item 12 – Brokerage Practices**

#### Directed Brokerage Arrangements

We recommend certain broker-dealers to clients, primarily Fidelity Investments (see below). However, each Non-Wrap Account Program client may select a particular broker-dealer to which all of their brokerage business will be directed. In that case, the client will have the sole responsibility to negotiate terms and arrangements with the directed broker and we will not seek better execution services or prices from other broker-dealers or be able to “batch” transactions for execution through other broker-dealers with orders for other accounts we manage. As a result, clients who elect to direct their brokerage to a particular broker-dealer may pay higher commissions or other transaction costs, greater spreads, or receive less favorable net prices on transactions for the account than would otherwise be the case.

#### Best Execution

Federal law requires us to deal fairly and honestly with clients. This means that, among many other things, we have a fiduciary obligation to seek “best execution” for transactions executed on behalf of our client accounts.

When determining whether we have obtained best execution, we are guided by Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Safe Harbor”). Under certain circumstances, the Safe Harbor presumptively reduces or eliminates our liability to clients when we use client brokerage to pay for research and other services that we might otherwise have to pay for ourselves.

Many investment advisers have arrangements with brokerage firms that provide for the use of client brokerage to pay for research and other services. They are said to be “paying up.” In effect, they are agreeing to pay a broker or dealer more than the lowest available commission rate to compensate the broker for the broker’s research products and services.

The difference between the “unbundled” commission rate (i.e., the lowest available commission that would be paid solely for basic execution services) and the “bundled” commission rate (i.e., the slightly higher commission rate paid by advisers that are also receiving research services) is referred to as a “soft dollar” credit. At present we have no such arrangements.

#### Use of Fidelity Brokerage Services, LLC

With each client’s consent, most of our client accounts utilize the services of Fidelity Brokerage Services, LLC (“Fidelity”), an affiliate of Fidelity Investments, an independent and unaffiliated FINRA-registered broker-dealer.

Under our arrangement with National Financial Services LLC and Fidelity, Fidelity provides us with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist us in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting. Fidelity also offers other services intended to help us manage and further develop our advisory practice. While we do not presently utilize many of these, the services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third-party service providers who provide a wide array of business-related services and technology.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions) Our receipt of the foregoing economic benefits from Fidelity raises potential conflicts of interest.

Fidelity most likely considers the amount and profitability to Fidelity of the assets in, and trades placed for, our client accounts. Fidelity has the right to terminate these services in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain these services from Fidelity, we may have an incentive to recommend to our clients that the assets under management by Artience Capital be held in custody with Fidelity and to place transactions for your account with Fidelity. Our receipt of these services does not diminish our duty to act in your best interest, including seeking best execution of trades.

The advice we offer you may involve investment in mutual funds and/or exchange traded funds (“ETFs”). All fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders (described in each fund’s prospectus).

Such fees will generally include management fees and other fund expenses. We advise you to review all fees charged by mutual funds, ETFs, Artience Capital and others to fully understand the total advisory fees you may be paying.

## **Item 13– Review of Accounts**

### Portfolio Wealth Management - Portfolio Reviews

*Portfolio Review and Rebalancing* of each client’s portfolio is undertaken: (1) periodically, (2) upon request, and (3) based upon our proprietary criteria, under the following adopted policies and procedures:

*Periodic Portfolio Review* is undertaken to ascertain if the value of any investment has strayed beyond the model account’s target minimums or maximums, and for purposes of meeting a client’s cash flow needs. Even if one of more investment falls outside its target minimum or maximum, we may determine not to rebalance the account for various reasons, such as avoidance of short-term capital gains, deferring long-term capital gains realization, minimization of transaction costs, etc.

*Additional Portfolio Review* is undertaken upon request by the client, such as when additional cash or securities are added to the investment portfolio or when other changes of circumstance might occur.

### Portfolio Reports Provided to Clients

We provide quarterly reports upon request or based upon an arranged schedule with each client. Monthly or quarterly statements from the account custodian(s) are sent to each client directly from the corresponding brokers, banks, mutual funds, and partnership sponsors etc., which hold the client’s investments. These statements disclose the assets in the custodian’s custody. We strongly encourage you to review the monthly or quarterly account statements you receive from custodians.

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

### Client Referrals

On occasion, the Adviser may refer clients to other professionals for accounting and tax preparation services that the Adviser is unable to perform. In turn, the Adviser may receive referrals from these firms.

Although there is no direct monetary benefit derived from these arrangements, they are mutually beneficial and provide an indirect benefit. The Adviser will never base its referrals solely on any formal or informal arrangement.

We presently have no marketing or solicitation arrangements with any other persons.

#### Other Compensation

As disclosed under Item 12 above, the Adviser participates in Fidelity Brokerage's "Institutional Platform Services" program. We generally recommend Fidelity Brokerage to clients for custody and brokerage services. There is no direct link between our participation in the "Institutional Platform Services" program and the investment advice we give to our clients.

We receive some benefits from Fidelity through our participation in the programs that are typically not available to Fidelity Brokerage's retail clients. These benefits may include some or all of the following products or services (*provided without cost or at a discount*):

We receive duplicate client statements and confirmations, research-related products and tools, consulting services, access to a trading desk serving program participants, access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts), the ability to have advisory fees deducted directly from client accounts, access to an electronic communications network for client order entry and account information, access to mutual funds with no transaction fees and to certain institutional money managers, and discounts on compliance, marketing, research, technology, and practice management products or services provided to The Adviser by third-party vendors.

Some of the products and services made available by Fidelity Brokerage through the Institutional Platform Services program may benefit the Adviser but may not benefit our client accounts. These products or services may assist us in managing and further developing our business enterprise. The benefits received by the Adviser or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Fidelity Brokerage. As part of its fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by the Adviser in and of itself creates a potential conflict of interest and may indirectly influence our choice of Fidelity Brokerage for custody and brokerage services.

#### **Item 15 – Custody**

Custody means holding, directly or indirectly, client funds or securities or having any authority to obtain possession of them. The State of California has rules and regulations which are designed to safeguard client assets.

*Maintain Accounts with Qualified Custodians:* We have all client funds and securities, except shares of mutual funds, maintained by a "qualified custodian" (i.e., a bank, registered broker-dealer) in separate accounts for each client. Although we may recommend a custodian,

and generally do, the client may choose its own. Shares of mutual funds and exchange traded funds are held by the fund's transfer agent.

*Periodic Account Statements:* We require each custodian to furnish account statements to our clients no less frequently than quarterly.

We also require that this statement, at a minimum, identifies the amount of funds and of each security in the account at the end of the quarter and all transactions in the account during the quarter.

## **Item 16 – Investment Discretion**

We manage client assets on a discretionary basis and generally do not allow for any limitations to be placed on our investment authority unless they are contained in the signed investment advisory agreement.

## **Item 17 – Voting Client Securities**

Where we are given authority to vote proxies, we decide whether to vote proxies on our clients' behalf after considering whether the proposal will have a material effect on the client(s).

This analysis may lead us to determine not to vote proxies on your behalf.

In making that determination, we consider a number of factors, including the economic effect the proposal would have on shareholder value, the threat the proposal poses to existing rights of shareholders, the dilution of existing shares that would result from the proposal, the effect of the proposal on management or director accountability to shareholders, and, if the proposal is a shareholder initiative, whether it wastes time and resources of the company or reflects the grievance of one individual.

You can obtain a copy of our proxy voting policy and a record of votes cast by us on behalf of clients by contacting us at the address on the cover page.

## **Item 18 – Financial Information**

The Adviser has never been the subject of a bankruptcy proceeding.

The Adviser does not have custody of Client funds or securities, or require or solicit prepayment of more than \$500 per Client more than six months in advance.