

# ORCHARD

Advisors, LLC

## Firm Brochure – Form ADV Part 2A

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*This Brochure provides information about the qualifications and business practices of Orchard Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 315-655-1072 or via email at: [nardella@orchardria.com](mailto:nardella@orchardria.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 Orchard Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

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*315-655-1072*

*Registration does not imply a certain level of skill or training.*

*Amended Date: 3/26/204*

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## ITEM 2: Material Changes

This Firm Brochure provides you with a summary of Orchard Advisors, LLC advisory services, business practices, policies, fees, and potential conflicts of interest. This summary provides our clients with new information and updated information. We are required to update our information annually, within 90 days of our firm's fiscal year end.

Material changes in Orchard Advisors, LLC Operations will be communicated to our clients promptly. Material changes include but are not limited to changes in control, ownership, services, location, disciplinary actions, affiliates or any other information which is important to our clients to understanding of Orchard Advisors, LLC.

Orchard Advisors, LLC has no material changes to report.

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## ITEM 4: Advisory Business

### A. Description of the Advisory Firm

Orchard Advisors, LLC is Limited Liability Company (hereinafter "OA") organized in the State of New York State and was founded in May of 2016. The sole member is Andrew P. Nardella.

### B. Type of Advisory Services offered

Orchard Advisors, LLC (hereinafter "OA") offers the following services to clients:

#### ***Investment Consulting***

OA offers an investment consulting service based on an hourly fee rate. This service will review and monitor a client's investment holdings, financial goals, time horizon, risk tolerance, tax bracket and life circumstances. This service includes but is not limited to reviewing Retirement Plan Investments, other Investment Portfolios, Non Traded Securities, Private Placements, Variable Annuities, Life Insurance and Disability Insurance. OA Investment Consulting includes but is not limited to:

- Review of Clients Investment Goals and Risk Tolerance
- Investment Holdings Review

#### **Portfolio Management**

OA offers portfolio management services considering the client's financial goals, time horizon, risk tolerance, tax bracket and life circumstances. After consulting with each client, OA constructs an Investment Policy Statement which outlines the client's investment objectives (investment goals, risk tolerance, tax bracket and time horizon). OA then outlines a plan to construct each client's portfolio, which is an addendum to the client's Investment Policy Statement. OA then requests from each client, limited discretionary authority to select securities/investments and affect only buy and sell transactions on each client's behalf. An Investment Policy Statement detailing risk tolerance is provided to each client.

OA Portfolio Management Services Include but is not limited to:

- Investment Policy Statement
- Risk Tolerance assessment
- Investment Strategy
- Asset Allocation
- Investment Selection
- Constant Portfolio Monitoring

### **Investment Advisory Services for Qualified Retirement Plans**

OA offers investment advisory services for qualified retirement plans consisting of but not limited to a review of a client's current plan, while considering client's investment objective, risk tolerance and cost. The portfolio could include but not limited to exchange traded Funds, mutual Funds, actively managed funds, passively managed funds. This service aims to provide clients with investment choices which allow the client to achieve their investment objectives at a reasonable cost. The investment choices within a client's retirement plan would be reviewed on a regular basis.

NOTE: For all services mentioned above, the advisor assists the client in the gathering and organizing of all relevant data. Once that data is obtained, the advisor then sets out to help establish each client's risk tolerance, investment horizon and investment objectives.

### **Investment Advice Limited to Specific Types of Investments**

OA investment recommendations are not limited to any specific product or service and will generally include the following securities:

- Exchange listed securities
- Corporate Debt
- Municipal Securities
- United States Government Securities
- Closed End Funds
- Exchange Traded Funds

- Mutual Funds
- OA may use additional securities when appropriate for diversification.

Note: Some types of investments involve additional risk. All recommendations implemented will be consistent with the client's stated investment objectives, risk tolerance and suitability.

C. Tailored Advisory Services and Client Imposed Security Restrictions

OA offers tailored advisory services to all of its clients. Each client's Investment Policy Statement and plan is used to construct a portfolio that meets the client's objectives, risk tolerance and time horizon.

Clients have the flexibility to impose reasonable restrictions on investing in certain securities, types of securities or industry sectors. However, should client imposed restrictions prevent OA from meeting the client's investment objectives or force OA to deviate from its core advisory services, OA reserves the right to terminate the relationship.

D. Wrap Fee Programs

OA does not participate in wrap fee programs.

**Note:** Rule 204-3(g)(4) defines wrap fee program to be a "program under which any client is charged a specified fee or fees not based directly on transactions in a client's account for *investment advisory services* (which may include portfolio management or advice concerning the selection of other advisers) and *execution of client transactions*."

E. Amount of Clients Assets Under Management

OA, as of year ending December 2023 has \$70,275,671 assets under management on a Discretionary and/or Non-Discretionary basis.

## ITEM 5: Fees and Compensation

### A. Fee Schedule

Assets Under Management (AUM)	Annual Fee %
<b>Up to \$300,000</b>	<b>1.5%</b>
<b>\$300,001 - \$600,000</b>	<b>1.0%</b>
<b>\$600,001 - \$900,000</b>	<b>0.80%</b>
<b>\$900,001 - \$2,000,000</b>	<b>0.60%</b>
<b>Over \$2,000,000</b>	<b>0.50%</b>

OA annual fee for Investment Advisory Services is based on a percentage of assets under management and generally starts at 1.50%.

In certain circumstances and depending on the needs of the client, the AUM fee is negotiable at the discretion of OA. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### Investment Supervisory Fees for Qualified Retirement Plans

Assets Under Management	Annual Fee
First \$1,500,000	0.50%
Up to \$3,500,000	0.40%
Over \$3,500,000	0.35%

Note: Over \$3,500,000 in plan assets, fees may vary based on number of participants in the plan.

Investment Consulting Fees

Clients are billed an hourly rate for OA investment consulting services. The hourly rate is \$150 per hour.

Advisory Fees in General: Clients should be aware that similar advisory services may or may not be available from other registered or unregistered investment advisors for similar or lower fees.

B. Billing of Fees

The Assets Under Management (hereinafter "AUM") fee is billed daily, based on the average daily market value (or fair market value in the absence of market value) of the client's account at the end of that day (billing cycle). Fees will be debited from the client's account in accordance with the clients authorization contained in the Investment Advisory Contract (Agreement).

Investment Consulting Fees

Clients who utilize OA Investment Consulting Service are billed at the conclusion of the consultation session and are charged an hourly rate, of \$150 per hour. Hourly rates may vary due to duration and complexity of the consultation session.

C. Mutual Fund, Exchange Traded Fund, Closed End Fund fees

All fees paid to OA for investment advisory services are separate from the fees and expenses charged by mutual funds, exchange traded funds and closed end funds to their shareholders. These fees are separate and are described in each fund's prospectus.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by the account custodian. Those fees may include transaction fees and administrative fees. Please refer to Item 12 of this Form ADV for additional information regarding custodian/brokerage practices.

D. Termination of the Advisory Relationship-Repayment of Fees:

A client advisory agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of an agreement, any prepaid unearned fees will be refunded.



Refunds are given on a prorated basis utilizing the number of days remaining in the month at the point of termination of advisory services. Refunds are calculated by multiplying the daily AUM fee rate by the number of days remaining in the month of termination and subtracting that amount from the monthly fee collected. The daily AUM fee rate is calculated by dividing the annual AUM rate by 12 months and then dividing that figure by the number of days in the month of termination.

E. Compensation for the Sale of Securities and other Investment Products

OA and its supervised persons do not accept any compensation for the sale of securities or other investment products, including asset based sales charges or service fees from the sale of mutual funds.

ITEM 6: Performance-Based Fees and Side-By-Side Management

OA does not charge performance based fees.

Item 7: Types of Clients

OA provides advisory services to the following types of clients:

- Individual Investors
- High net worth individuals
- Pension and profit sharing plans (other than the participants)
- Charitable Organizations
- Corporations and other business entities
- Trusts

**Note:** There is no minimum account size.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis

**Economic Analysis:** We attempt to measure the relative strength in the various economic sectors by monitoring various economic factors including but not limited to interest rates, currency markets, unemployment, monetary policy, fiscal policy, basic material prices, energy prices and consumer spending.

**Cycle Analysis:** We attempt to measure the business cycle to help select companies with optimal operating environments relative to the business cycle.

**Fundamental Analysis:** We first attempt to measure the economic factors affecting each company to first clarify the company's operating environment. We then attempt to analyze the financial statements and management performance of each company. Finally, we attempt to measure the intrinsic value of a security by looking at all factors (economic, fundamental and financial) to determine if a company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be a good time to sell). Fundamental analysis does not attempt to anticipate market movements.

**Technical Analysis:** We attempt to measure the price and volume action both present and past, to help clarify supply and demand for a security and the trend direction of that security.

#### Investment Strategies

OA utilizes both long term and short term investment strategies, provided that such strategies are consistent with the client's investment objectives, risk tolerance, and time horizon.

**RISK OF LOSS:** Securities investments are not guaranteed and you may lose money on your investments. You, as a client, should be prepared to bear the risk of loss.

#### B. Investment Strategy Material Risks

**Economic Analysis** attempts to clarify the operating environment affecting all asset classes and securities. The risks to this analysis include government policy changes, natural disasters, global or regional conflict and other unpredictable events.

**Cycle Analysis** attempts to clarify the business cycle patterns in order to optimize the operating environment when selecting investments. The risks to this analysis includes but is not limited to changes in

environmental laws, changes to government regulations, changes in taxation, and fluctuations in the currency markets. Additionally, the business cycle does not always repeat in the same fashion as what has occurred in the past.

**Fundamental Analysis** is based on analysis of a company's operating data. Our methods rely on the assumption that the rating agencies and other publically available sources of information about these securities are accurate and unbiased. The data we analyze may be inaccurate or misleading.

**Technical Analysis** attempts to analyze price and volume action to help determine the trend direction of the asset analyzed. The risk is that the financial markets do not always follow projected trends.

**Long Term Investment** strategies may not take advantage of short term gains that could be profitable to a client. If long term investment decisions are incorrect, a security may decline sharply in value before the decision to sell is executed. Clients should be aware that there is a material risk of lost utilizing long term strategies.

**Short Term Investment** strategies can incur greater transaction costs and generally carry higher rates of risks. Clients should be aware that there is a material risk of loss utilizing short term strategies.

**Investing in securities involves risk of loss that you, as a client, should be prepared to bear.**

C. Material Risks of Securities Recommended

**Equities** (stocks) involve the risk of decreasing in both value and dividend yield. Capital loss can be 100% due to bankruptcy.

**Debt Securities** (Bonds) involve the risk of default on principal, impact of fluctuating interest rates, and market liquidity.

**Exchange Traded Funds** (ETF) involve the risk of decreasing in both value and dividend yield.

**Closed End Funds** (CEF) involve the risk of decreasing in both value and dividend yield.

**U.S. Government Securities** involve the risk of decline in value due to rising interest rates.

**Risk of Loss:** Securities investments are not guaranteed and you may lose money on your investment. Past performance is not a guarantee of future results.

#### ITEM 9: Disciplinary Information

OA is 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.

A. Criminal or Civil Actions

OA's personnel have no reportable criminal or civil events to disclose.

B. Administrative Proceedings

OA's personnel have no administrative proceedings to disclose.

C. Self-Regulatory Organization (SRO) Proceedings

OA's personnel have no Self-Regulatory Organization proceedings to disclose.

#### ITEM 10: Other Financial Industry Activities and Affiliations

OA personnel are not engaged in other financial industry activities and have no other industry affiliations.

OA does not utilize third party managers and all assets are managed by OA.

#### ITEM 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics

OA has adopted a written Code of Ethics which sets ethical standards of business conduct while complying with applicable securities laws. Our Code of Ethics includes policies and procedures prohibiting the

use of material non-public information, Prohibiting Sales and Purchases, Prohibited Transactions, Prohibited Activities. Our Code of Ethics covers the following subjects: Conflicts of Interest, Personal Securities Transactions, Exempted Transactions, Gifts, Entertainment, Compliance Procedures, Compliance Officer Duties, Compliance with Securities Laws and Regulations, Certification of Compliance, Compliance Reporting, Reporting Violations, Sanctions, Record Keeping, Annual Review, Training and Education. Our Code of Ethics is designed to assure that the personal securities transactions and the activities of OA personnel do not interfere with the best interest of our advisory clients.

A copy of our Code of Ethics is available to our advisory clients and prospective clients upon request. You may request a copy by calling us at 315-655-1072.

B. Recommending Securities in which there is Material Financial Interest.  
OA does not recommend to clients, or buys or sells for client accounts, securities in which OA or a related person has a material financial interest.

C. Investing in the same securities as clients  
OA and/or individuals associated with OA may buy or sell securities identical to or different from those recommended to our clients. In addition, OA or any related person(s) may have an interest or position in a certain security or securities which may also be recommended to advisory clients. Such transactions may create a conflict of interest.

OA nor any person associated with OA may purchase or sell any security prior to a transaction or transactions being implemented for an advisory account, thereby preventing such personnel from benefiting from transactions placed on behalf of advisory clients. OA will always put the interest of the advisory client first. Any and all transactions which may be a conflict of interest will be documented by OA. All personnel associated with OA are required to receive and acknowledge the receipt of the Code of Ethics.

D. Investing in the same securities at or about the same time as clients

OA and/or individuals associated with OA may buy or sell securities identical to or different from those recommended to our clients. Such transactions may create a conflict of interest.

OA nor any person associated with OA may purchase or sell any security prior to a transaction or transactions being implemented for an advisory account, thereby preventing such personnel from benefiting from transactions placed on behalf of advisory clients. OA will always put the interest of the advisory client first. Any and all transactions which may be a conflict of interest will be documented by OA. All personnel associated with OA are required to receive and acknowledge the receipt of the Code of Ethics.

#### ITEM 12: Brokerage Practices

A. OA has selected Interactive Brokers, LLC to provide custodial and brokerage services to its clients. Interactive Brokers provides the following services:

- Reasonable and competitive commission rates charged based on the cost charged by the custodian
- Ability to provide a trading platform with professional services regarding order execution
- Ability to provide research and other services which help OA provide investment management services to our advisory clients.
- Administrative support and access to the support provided

1. Research and Soft Dollar Benefits

OA will always seek best execution for advisory clients. OA will receive free research and other services, “soft dollar benefits”, from its custodian, broker/dealer or other third parties which are directly related to our advisory client transactions. This research is designed to assist and augment our own internal research and investment strategies. There is no incentive for OA to direct client transactions to a particular broker/dealer versus another broker who offers the same services. Since OA does not produce its own research internally nor does OA pay for research services, OA has

an incentive to select a custodian that provides research and other services based on OA's own interest versus the interest of the clients. Such use of clients' securities transactions to obtain research and other services may be construed as a conflict of interest. OA will choose a custodian that provides such services as part of their overall service to the best interest of our advisory clients.

2. Brokerage for Client Referrals

OA does not receive client referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. Direct Brokerage

OA does not recommend, request or require that a client direct us to execute transactions through a specific broker-dealer. Not all advisors require clients to direct brokerage. OA does allow our advisory clients to direct brokerage. Should a client choose to direct brokerage, this may increase client's transaction costs and prevent the best possible trade execution. Should an advisory client choose to direct brokerage, OA will not be able to aggregate that client's orders to reduce transaction costs and that client may receive less favorable execution prices.

B. Aggregating the Purchase or Sale of Securities

OA will block trades across numerous accounts 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 trades in a timelier, more equitable manner, at an average share price while at the same time may reduce execution costs. Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement.

ITEM 13: Review of Accounts

- A. OA Client accounts are reviewed quarterly. Accounts are reviewed relative to each client's stated investment objectives. All of the underlying securities within client accounts are constantly monitored. All accounts are reviewed by Andrew P. Nardella, the investment advisor.
- B. OA Client accounts may be reviewed more frequently due to material changes such as market changes, political changes, economic changes or a client's circumstances.
- C. OA Clients will receive printed statements from the custodian. This statement will arrive at least quarterly and possibly monthly. This statement will detail client holdings, account value and date of valuation. All information on the statement will come from the custodian of the client's assets.

#### ITEM 14: Client Referrals and Other Compensation

- A. OA does not receive any economic benefit from any third party for investment advice or other advisory services provide to our advisory clients. OA receives no sales awards or other prizes from any third party.
- B. OA does not compensate directly or indirectly any third party for client referrals.

#### ITEM 15: Custody

OA does not have actual or constructive custody of client accounts. OA has written client authority to direct fee deduction of OA's advisory fee only. This gives OA limited custody of client's assets.

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. It is important for clients to carefully review their custodial statements to verify the accuracy of the fee deduction calculation, among other things. Clients should contact



us directly if they believe that there may be an error in their statement.

#### ITEM 16: Investment Discretion

OA may provide limited 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. Our limited discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell
- determine the amount of the security to buy or sell

OA advisory clients give us limited 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 providing us with written instructions.

The limited discretionary authority details are disclosed to the client before the advisory relationship begins. Discretionary authority is executed by agreement through the custodian account application and the investment advisory contract.

The client provides discretionary authority via a limited power of attorney contained within the OA's Investment Advisory Contract and limited power of attorney in the contract between the client and the custodian.

#### ITEM 17: Voting Client Securities

- A. OA does not accept nor ask for voting authority for client securities. Client should direct all proxy questions to the issuer.

- B. OA Clients will receive proxies from the custodian or directly from the issuer. Clients should direct all proxy questions to the issuer.

#### ITEM 18: Financial Information

- A. OA does not require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.
- B. As an advisory firm that maintains discretionary authority for client accounts, OA is also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. OA has no disclosures to report.
- C. OA has not been the subject of a bankruptcy petition at any time during the past ten years.

#### ITEM 19: Requirements for State-Registered Advisers

- A. OA formed as a Limited Liability Company and has one member, Andrew P. Nardella.
- B. Andrew Nardella is not actively engaged in any other businesses.
- C. OA advisory service fees are not performance-based. OA is not compensated with performance-based fees.
- D. 1.) No management persons at OA nor OA itself has ever been found liable in an arbitration claim alleging damages in excess of \$2,500 involving an investment or investment related business or activity, fraud, false statement(s), or omissions, theft, embezzlement, wrongful taking of property, bribery, forgery, counterfeiting, extortion, dishonest-unfair-or unethical practices.  
2.) No management persons at OA nor OA itself has ever been found liable in a civil, self-regulatory organization, or administrative proceeding involving an investment or investment related business or activity, fraud, false statement(s), or omissions, theft, embezzlement, wrongful taking of

property, bribery, forgery, counterfeiting, extortion, dishonest-unfair-or unethical practices.

E. OA and its management persons do not have any relationship or arrangement with any issuer of securities.