

# **Grove Advisors LLC**

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## **FORM ADV PART 2A APPENDIX 1 WRAP FEE PROGRAM BROCHURE**

This wrap fee program brochure provides information about the qualifications and business practices of Grove Advisors LLC. If you have any questions about the contents of this brochure, contact us at 415-323-6389. 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 Grove Advisors LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Grove Advisors LLC is a registered investment adviser with the United States Securities and Exchange Commission (the "SEC"). Registration with the SEC or any state securities authority does not imply any certain level of skill or training.

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their wrap fee program brochure when information becomes materially inaccurate. If there are any material changes to an adviser's wrap fee program brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the Wrap Brochure was prepared for Grove's initial registration with the SEC, we made the following material change to this Wrap Brochure:

Item 4: We updated the Fee Schedule under this item to include that when a client has an Ongoing Financial Planning Subscription and elects to participate in our wrap fee program, we waive the fee on Grove Invest for the first \$100,000 in the wrap fee account. This exclusion will remain in place until the termination of Ongoing Financial Planning Subscription agreement.

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## Item 4 Services, Fees and Compensation

### Description of Firm

Grove Advisors LLC (“Grove”) is a SEC-registered investment adviser based in San Francisco, California. We are organized as a limited liability company under the laws of the State of Delaware. We have been providing investment advisory services since December 2015.

Christopher Richard Doyle serves as our Chief Investment Officer and Chief Compliance Officer, and Christopher Worthington Hutchins serves as our Chief Executive Officer. We are wholly owned by Grove Holdings Inc., a Delaware corporation (“Grove Holdings”). Christopher Richard Doyle and Christopher Worthington Hutchins are the principal owners of Grove Holdings.

This wrap fee program brochure (“Wrap Brochure”) describes our wrap fee program (the “Program”). Refer to the description of the Program below for information on how we tailor our advisory services to your individual needs. As used in this Wrap Brochure, the words "we," "our," and "us" refer to Grove and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

We offer investment advisory services through the Program as described in this Wrap Brochure to prospective and existing clients. We are the sponsor and portfolio manager for the Program. The Program is offered in conjunction with, but as a separate service from, Grove’s financial planning services. The financial plan provided through the financial planning services will include our recommendations designed to help you achieve your financial goals and objectives. Please see the *Financial Planning Services* section in Grove’s ADV Part 2A, Firm Brochure, for additional information. Based on the information you provide during the financial planning services as well as other information we may collect from you, we will develop an investment strategy based on your goals and objectives. We will monitor your wrap fee account (the “Account”) performance on an ongoing basis and will rebalance the portfolio as required by changes in market conditions and/or in your financial circumstances.

Our Program allows clients to pay a single fee (the “Wrap Fee”) which covers management fees, trading commissions, fees for brokerage and other administrative and advisory services provided by us or the custodian. You are not charged separate fees for the respective components of the total services. The Wrap Fee, however, is separate from any fee for financial planning services. We receive a portion of the Wrap Fee for our services. Because our firm absorbs client transaction fees, an incentive exists to limit trading activities in the Account (defined below). Depending on the Account, clients may pay more for using our Program than they would for using our non-wrap services.

The Program is administered by TD Ameritrade Institutional. TD Ameritrade Institutional (“TD”) is a division of TD Ameritrade Inc., member FINRA/SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member. TD provides custody of securities, trade execution, clearance and settlement of transactions, as well as other support services for the Program.

Prior to becoming a client under the Program, you will be required to enter into a separate written Wrap Fee Program Agreement with us that sets forth the terms and conditions of the engagement and describes the scope of the services to be provided, and the fees to be paid.

We also provide financial planning services and discretionary portfolio management services to our clients. Please see ADV Part 2A, Firm Brochure, for more information on our advisory services, which is available upon request.

## **Client Investment Process**

As part of our Program, you will be provided discretionary investment advisory services where we will direct the investment and reinvestment of your assets into a client account (the “Account”) in accordance with your investment objective. As part of our investment process, we will develop and maintain a “Statement of Investment Objectives” that details your financial profile and investment goals. We will then construct a customized portfolio for the Account based on the Statement of Investment Objectives.

Assets of the Account will generally be invested in a portfolio of exchange traded funds (“ETFs”), but the Account may also hold investments in exchange traded notes (“ETNs”), and open-ended mutual funds if we deem appropriate. The underlying asset classes of such ETFs, ETNs and mutual funds may include, but are not limited to, equity or fixed income securities (including domestic and foreign individual equities); corporate, government, or municipal debt; domestic or foreign Real Estate Investment Trusts (“REITs”), or similar securities in other countries; and Master Limited Partnerships (“MLPs”). We may also direct the sale of various types of securities that were previously held by the client and transferred into the Account to implement the investment strategy.

Upon entering into a Wrap Fee Program Agreement with us, you will open an account with TD who will provide you with services related to custody of securities, trade execution, and trade clearance and settlement. We will not have custody of your funds or securities, except to the limited extent of having TD act as paying agent for Grove by automatically deducting Program fees from your Account.

## **Fee Schedule**

The Wrap Fee charged for our Program is a single combined annual asset-based management fee of 0.25% calculated on the market value of the assets in the Account. If a client has an Ongoing Financial Planning Subscription and elects to participate in our wrap fee program, we waive the fee on Grove Invest for the first \$100,000 in the wrap fee account. This exclusion will remain in place until the termination of Ongoing Financial Planning Subscription agreement.

Wrap Fees will be outlined in the Wrap Fee Program Agreement. Annualized fees are billed on a pro-rata basis, monthly in arrears, based on the value of the Account on the time-weighted daily average of the month. As part of this process:

1. You must provide us with written authorization permitting direct payment of the Wrap Fee from your Account maintained by TD;
2. We will send you monthly statements showing the:
  - a. Wrap Fee amount;
  - b. Value of the assets upon which the Wrap Fee is based; and
  - c. Manner in which the Wrap Fee is calculated:
    - i. Please note that it is your responsibility to verify the accuracy of the Wrap Fee calculation; and
    - ii. TD does not determine its accuracy;
3. TD will send you a statement, at least quarterly, showing all account disbursements, including the Wrap Fee.

If a client elects to participate in our wrap fee program and the Ongoing Financial Planning Subscription, an amount specified in the Ongoing Financial Planning Subscription agreement will be excluded from the calculation of total assets on which the management fee is charged under the wrap fee program. This exclusion will remain in place until the termination of Ongoing Financial Planning Subscription

agreement.

### **Termination of Advisory Relationship**

You may terminate your Wrap Fee Program Agreement by providing written notice, including the requested date of termination, to Grove. You will incur a pro rata charge for the services rendered prior to the termination of the agreement, which means you will incur fees only in proportion to the number of days in the month for which you received advisory services under the Program.

### **Wrap Fee Program Disclosures**

The Program may not be suitable for all investment needs, and any decision to participate in the Program should be based on your financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations.

The benefits under the Program depend, in part, upon the size of the account and the number of transactions likely to be generated in the account. For example, the Program may not be suitable for accounts with little trading activity. In order to evaluate whether this Program is suitable for you, you should compare the Wrap Fee and any other costs of the Program with the amounts that would be charged by other advisors, broker-dealers, and custodians, for advisory fees, brokerage and other execution costs, and custodial services comparable to those provided under the Program.

Participating in the Program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from third parties.

Grove receives compensation as a result of your participation in the Program. This compensation may be more or less than the amount our firm would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm has a financial incentive to recommend the Program, and may recommend the Program over other programs or services for which the compensation arrangements are not as beneficial to the firm.

Due to the single fee charged to an Account, a conflict of interest may exist in that we may realize a greater profit on an Account with a relatively low rate of portfolio turnover compared to other types of accounts, assuming the same level of fees.

### **Other Types of Fees & Expenses**

Our Wrap Fee does not cover the fees and costs listed below (“Additional Expenses”). All Additional Expenses, if any, shall be borne by you.

- Commissions and other fees for services provided by broker-dealers other than TD for transactions executed or effected by or through them that settle into or from the Account.
- Fees charged by mutual fund companies, ETFs, unit investment trusts, closed-end funds and other collective investment vehicles, including, but not limited to, management fees, sales loads and/or charges and short-term redemption fees.
- Investment Retirement Accounts and qualified retirement plan fees charged by custodians, sponsors or other third parties.
- Transfer taxes, odd-lot differentials, certificate delivery fees, reorganization fees, fees required by law, and any other fees or charges similar to those described above.

- Fees on checking account features, debit card account features, ATM withdrawal, wire transfers, security transfers or certificate delivery.
- Fees related to corporate actions, including, but not limited to, corporate reorganization and non-standard asset custody and transaction fees.

## **Wrap Fee Program Recommendations**

We do not recommend or offer the wrap fee program services of other providers.

## **Item 5 Account Requirements and Types of Clients**

We offer the Program to individuals and high net worth individuals.

In general, we do not require a minimum dollar amount to open and maintain an Account; however, we have the right to terminate your Account if it falls below \$10,000 and we determine that it is too small to manage effectively.

## **Item 6 Portfolio Manager Selection and Evaluation**

### **Selection of Portfolio Managers**

Our Chief Investment Officer is the head portfolio manager for this Program. He is also registered as an Investment Advisor Representative (“IAR”) along with certain other firm employees that provide investment advisory services to our clients. A conflict arises in that other investment advisory firms may charge the same or lower fees than our firm for similar services. Our IARs are subject to individual licensing requirements imposed by state securities boards. Our firm is required to confirm or update each IAR’s Form U4 on an annual basis. In addition to the licensing requirements detailed above, our IARs are subject to ongoing supervision and surveillance by the Firm to ensure their investment advisory services and recommendations remain consistent with our established policies and procedures.

### **Advisory Business**

**Information about our wrap fee services can be found in Item 4 of this Wrap Brochure. Our firm offers individualized investment advice to clients of the Program.**

You may request that Grove place reasonable restrictions on the types of investments to be held in the Account. However, restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the Account.

### **Participation in Wrap Fee Programs**

Program clients are managed on an individualized basis according to the client’s investment objectives, financial goals, and risk tolerance among other factors.

### **Performance-Based Fees and Side-By-Side Management**

We do not charge performance-based fees or participate in side-by-side management.

## Methods of Analysis, Investment Strategies

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

*Modern Portfolio Theory:* A theory of portfolio construction that describes how to maximize portfolio expected returns for a given amount of portfolio risk by using a diversified set of assets.

*Risk:* A portfolio constructed using Modern Portfolio Theory does not eliminate “market risk,” also known as “systematic risk,” which is the possibility for an investor to experience losses due to factors that affect the overall financial markets. This risk is not eliminated through diversification. Also, portfolios constructed using Modern Portfolio Theory are highly dependent on assumptions about future expected returns and future correlations between assets. There is significant uncertainty in these inputs and therefore the portfolio constructed may not produce the anticipated returns and/or may have larger changes in value than anticipated.

*Long-Term Purchases:* Securities purchased with the expectation that the value of those securities will grow or generate returns through dividends or interest payments over a relatively long period of time, generally greater than one year.

*Risk:* Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term, which may not be the case. There is also the risk that the segment of the market that you are invested in or the particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - “locking-up” assets that may be better utilized in the short-term in other investments.

*Strategic Asset Allocation:* A portfolio strategy that involves setting target allocations for various asset classes, and periodically rebalancing the portfolio to maintain these target allocations.

*Risk:* The methodology to determine a strategic asset allocation is based on a number of assumptions including future risks and returns of asset classes. These assumptions may be incorrect. Strategic asset allocation may allocate money to one or more asset classes that perform poorly over a long-time period or experience higher volatility than anticipated.

*Historical Risk and Return Analysis:* Use of past market data to estimate likely return and risk profiles of financial instruments. Implicit in this analysis is the assumption that the future looks somewhat like the past. Statistical methods are used to examine correlations between risk or return and other macroeconomic or market variables.

*Risk:* Patterns that existed in the past may not persist into the future. There is a strong possibility that the future looks very different from the past, and that the analysis either overstates or understates the risks and returns in the portfolio or strategy where we apply the methodology.

*Portfolio Rebalancing:* The act of purchasing or selling financial instruments to bring an investment portfolio back into line with a target asset allocation. Rebalancing maintains the alignment between the risk/return of the portfolio and a client’s investment objectives.

*Risk:* The act of rebalancing will produce additional trade fees for the client. These additional trade fees will negatively impact the performance of the portfolio. Rebalancing also may lower the return and/or increase the risk of a portfolio compared with a portfolio that is not rebalanced regularly. The purpose of



rebalancing is not to maximize return or minimize risk; the purpose is to bring the portfolio back into line with a target allocation.

*Asset Location:* A tax strategy that involves the preferential placement of assets based on their anticipated distribution and return profile. Ordinary income generating assets or assets with significant current income will generally be placed in tax-advantaged accounts, where taxes are either deferred or not owed on realized gains. For assets that produce capital gains or assets with low current income, those assets will generally be placed in taxable (non-tax-advantaged) accounts.

*Risk:* By placing different asset types in different accounts, there is a significant likelihood that your tax-advantaged accounts and non-tax-advantaged accounts will generate different returns. One class of accounts may significantly outperform or underperform the other class. A class of accounts and/or individual accounts may experience lower return or more risk than the Investment Assets in the aggregate. Tax-advantaged accounts may significantly underperform the market and the investment assets as a whole.

*Tax-Loss Harvesting:* Securities with embedded losses are sold to accelerate capital loss realization. The realized capital loss can then be used to offset realized capital gains and ordinary income from other sources, potentially lowering tax liabilities at year-end.

*Risk:* The act of tax-loss harvesting will produce additional trade fees for the client. These additional trade fees will negatively impact the performance of the portfolio. The securities that are sold to realize the capital losses may outperform other securities in the future. Accelerated capital loss realization may increase current or future tax liabilities. Please check with your tax advisor for potential implications for your tax situation.

*Fundamental Analysis:* Analyzing individual companies and their industry groups using information such as a company's financial statements, details regarding a company's product line, the experience and expertise of a company's management, and the outlook for a company and its industry. This analysis can be synthesized into an estimation of a "fair" value of a company's securities (e.g. stock or bonds). This fair value can then be compared to the current price at which the securities are available for purchase or sale in the market.

*Risk:* Fundamental analysis often requires the use of our own evaluation about the future prospects of a product, company, or industry. There is significant uncertainty in any projection about the future. The estimation of the "fair" value of a security may heavily depend on these projections, and thus it is possible that our estimation of value is materially incorrect. Even if the projections are generally correct, there is no guarantee that the market value of a security will converge to our estimate of "fair" value.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

## **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we

specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your Account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investment of your assets.

TD must report the cost basis of equities acquired in client accounts. You are responsible for contacting your tax advisor to determine if a particular cost-basis accounting method/tax lot selection method is best for your situation. If your tax advisor believes a specific cost basis accounting method is advantageous, provide written notice to our firm immediately and we will alert TD of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

## **Recommendation of Particular Types of Securities**

We primarily recommend mutual funds and ETFs. However, we may advise on other types of investments as appropriate for you since each client has different needs and a different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the potential return of an investment, the higher the risk of loss associated with the investment.

*Mutual Funds and Exchange Traded Funds:* Mutual funds and ETFs are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

*ETF Specific Risks:* ETFs are designed to track an index or market benchmark. ETF performance, however, may not exactly match the performance of the index or benchmark for a number of reasons, including the expenses and transaction costs incurred by the ETF and the possibility for supply and demand in the market to cause the ETF to trade at a discount or premium to the total value of the securities owned by the ETF.

## **Voting Client Securities**

We will not vote proxies on behalf of your Account. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder. In most cases, you will receive proxy materials directly from TD. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

## **Item 7 Client Information Provided to Portfolio Managers**

All Accounts are managed by our Chief Investment Officer. To support this function, the Firm's IARs will be privy to the client's investment goals and objectives, risk tolerance, restrictions placed on the management of the Account and relevant client notes taken by our firm. Please see our firm's Privacy Policy, located under [Item 9 Additional Information](#), for more information on how our firm utilizes client information.

## **Item 8 Client Contact with Portfolio Managers**

Clients are always encouraged to contact the firm with any questions or concerns about their Account or other matters.

## **Item 9 Additional Information**

### **Disciplinary Information**

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

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

### *Registration as Broker-Dealer*

Neither our firm nor any of our employees are registered, or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

### *Registration as Futures Commission Merchant/Commodity Pool Operator/Commodity Trading Advisor*

Neither our firm nor any of our employees are registered, or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or is an associated person of the foregoing entities.

## **Material Advisory Business Relationships or Arrangements**

Neither our firm nor any of our management persons have relationships or arrangements that are material

to our advisory business.

### **Recommendation of Other Advisers**

We do not recommend third party advisers.

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting our Chief Compliance Officer, Christopher Richard Doyle at 650-427-0338.

### **Participation or Interest in Client Transactions**

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Wrap Brochure and Form ADV Part 2A Brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we buy or sell such securities for our own account. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

### **Review of Accounts**

Christopher Richard Doyle, Chief Investment Officer and Chief Compliance Officer will monitor your accounts on an ongoing basis and will conduct account reviews at least yearly to ensure the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- Contributions and withdrawals,
- Market moving events,
- Security specific events, and/or,
- Changes in your risk/return objectives.

We will not provide you with additional or regular written reports in conjunction with account reviews.

You will receive trade confirmations and monthly statements from TD.

### **Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Other Compensation**

We do not receive any compensation from any third party in connection with providing investment advice to you.

Refer to the *Other Financial Industry Activities and Affiliations* section above for disclosures on research and other benefits we may receive resulting from our relationship with TD.

### **Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this Wrap Brochure. We have not filed a bankruptcy petition at any time in the past ten years.

### **Item 10 Requirements for State-Registered Advisers**

Not applicable.