

# Farther Finance Advisors, LLC

## WRAP FEE PROGRAM BROCHURE

NOVEMBER 8, 2019

This brochure provides clients with information about Farther Finance Advisors, LLC and its Wrap Fee Program. If you have any questions about the contents of this brochure, please contact us at 415.849.1787 or by email at [hello@fartherfinance.com](mailto:hello@fartherfinance.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.

Additional information about Farther Finance Advisors, LLC is also available at the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (select "investment adviser firm" and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV.

We are a registered investment advisory Firm. Our registration does not imply any level of skill or training. The oral and written communications we provide to you, including this brochure, are for you to evaluate us. Please use this information as factors in your decision to hire us or to continue our business relationship.

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### ITEM 1 – COVER PAGE ADV PART 2 A

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### ITEM 2 – MATERIAL CHANGES

This brochure, dated November 9, 2019, has been prepared by Farther Finance Advisors, LLC to meet SEC requirements. This section addresses material changes that have been incorporated since our last posting of this document on the public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

- Updated primary business address.

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#### ITEM 4 – SERVICES, FEES AND COMPENSATION

Farther Finance Advisors, LLC (“Farther Finance”) offers a website and mobile application portal (“Platform”) designed to help clients accomplish both near- and long-term personal finance goals, where both preservation of capital and capital growth are important considerations. Through this Platform, Farther Finance offers an online non-discretionary investment management service designed expressly for investors who want expert investment advice for a reasonable price and without a significant time commitment.

Specifically, Farther Finance offers clients investment advice on allocations of exchange-traded funds (ETFs) based on personalized information that each client provides via the firm’s Platform. Farther Finance’s investment strategy is based on Modern Portfolio Theory which strives to maximize return relative to risk.

Farther Finance uses a proprietary algorithm to implement model portfolios designed by investment experts with target asset allocations of equity and fixed-income ETFs based on the client’s financial situation, risk tolerance, and time horizon (“Program”).

When a client deposits money, Farther Finance allocates that money to model portfolios based on the client’s goals, which may include saving for emergencies, retirement, large purchases, or general long-term savings. In doing so, Farther Finance constructs a combination of ETF purchases to align the client’s account with the corresponding target asset allocation. Upon a client’s request to withdraw money, a combination of ETF sales is initiated while continuing to pursue the corresponding target asset allocation.

Clients may manually select one of the target asset allocations other than the one recommended or currently in effect. As clients deposit or withdraw money the corresponding transactions will rebalance to pursue the modified target asset allocation. If the holdings of the account significantly deviate from the newly selected target asset allocation, then Farther Finance will initiate a rebalancing to bring the holdings within an acceptable range of the target asset allocation.

Farther Finance’s algorithm is designed to keep the holdings within each client’s portfolio within a specified range of the target asset allocation, even when the market prices of the ETFs fluctuate. Client holdings are rebalanced and dividends are reinvested automatically. In general, Farther Finance rebalances whenever the percentage holding of one or more ETFs fluctuates 5% above or below its target allocation.

The rebalancing process is completely automated and not limited to number or frequency of rebalances. As a result, there is a possibility that Farther Finance may sell overrepresented ETFs and use the proceeds to buy underrepresented ETFs to bring portfolios towards its target allocation without taking into account individual tax consequences or market circumstances.

The Program charges a “wrap” fee for each individual account. The wrap fee covers the investment advisory services provided by Farther Finance and the custody, administrative, and brokerage services provided by our custodian. While the wrap fee is generally not negotiable, Farther Finance reserves the right to discount or waive any fees associated with the Program in its sole discretion. A client may pay more or less than the fees for similar clients

depending on the particular circumstances of the client, including the size and quality of the relationship.

<b>Investment Advisory Fee Schedule</b>
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<u>Assets Under Management</u>	<u>Fee</u>
\$0 to \$5,000	\$1 a month for taxable accounts \$2 a month for retirement accounts
\$5,001 and above	.40% of assets under management

The above fees are charged monthly on a pro-rata basis in advance. They are inclusive of all trading costs. In some cases, clients account termination fees may be absorbed by Farther Finance when accounts are being transitioned to Farther Finance for management from another firm. Clients may incur charges for other account services provided not directly related to the execution and clearing of transactions, including, but not limited to, IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for transfers of securities.

Advisory fees are based on the average fair market value of the portfolio under management at the closing date of each month. In the event that the client terminates the managed account between monthly billing cycles, the client will receive a pro-rata refund based on the amount of time their account has been under management and the time remaining within that particular month.

Ongoing use of the Program, such client reaffirms his or her agreement that Farther Finance may charge such client's respective account, as applicable. If Farther Finance is unable to collect the fee from the client's account Farther Finance reserves the right to assess the fee in arrears and/or terminate the client's access to the Program and/or the Platform. Termination of any account may be undertaken at Farther Finance's sole discretion. The client may terminate his or her respective account at any time.

Upon termination of an account, assets are liquidated as soon as practicable, and Farther Finance shall refund any and all pre-paid fees in excess of \$0.50, which is retained to cover administrative costs related to closing the account including, but no limited to, data entry on the part of employees of Farther Finance. Unearned pre-paid fees will be calculated and refunded on a pro-rata basis.

Farther Finance may, from time to time, elect to launch programs or initiatives whereby fees may be waived, in whole or in part, for certain clients. Any such program or initiative (i) is implemented at the sole discretion of Farther Finance, and may be expanded, narrowed, suspended, cancelled or modified at any time by Farther Finance, and (ii) will be subject to any rules, guidelines and/or terms and conditions created by Farther Finance in connection therewith (which rules, guidelines and/or terms may be included in website landing pages, on Farther Finance's website generally, and/or elsewhere). To the extent any such program or initiative is cancelled or terminated, clients will once again be charged the then-current fees on a going-forward basis. Farther Finance shall have sole discretion in determining whether or not any existing client or potential client meets the requirements to participate in and/or

benefit from any such program or initiative, and Farther Finance shall not be liable to the client or any other party in connection with any such decision and/or in connection with the administration of any such program or initiative generally.

Farther Finance believes the fee is reasonable considering the quality and scope of the services we provide and the fees charged by other investment advisers offering similar services/programs. However, by participating in a wrap fee program, clients may end up paying more or less than they would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to the client by the executing broker. In that scenario, clients would be responsible for any other fees charged by third parties including Farther Finance's custodian. Clients could also invest in ETFs and stocks directly without an adviser's services. In that case, clients would not receive the services provided by the adviser that are designed, among other things, to assist in determining which investments are appropriate for the client.

#### **4b: Services and Relative Costs**

Farther Finance generally does not offer the services provided under the Program separately. However, clients may be able to purchase services similar to those offered under the Program from other service providers either separately or as part of a similar wrap fee program. These services or programs may cost more or less than the Program, depending on the fees charged by such other service providers.

#### **4c: Fee Coverage**

The fee includes most of the investment expenses that are typically paid by investors, such as: account maintenance expenses, investment advisory fees, and brokerage fees. However, our fees do not include other related costs and expenses. The fee does not include certain execution costs that may be incurred by the client, including broker-dealer spreads and certain broker-dealer mark-ups or markdowns on principal transactions. A client may also incur certain charges imposed by custodians, and other third parties. These include transfer fees, administrative fees and other fees and taxes on brokerage accounts and securities transactions. ETFs also charge internal management fees, which are disclosed in the relevant fund's prospectus. Farther Finance does not receive these fees or any other compensation from ETF fund managers. These fees are in addition to the management fee clients pay to Farther Finance.

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### **ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

The Program is available to individuals who are legal U.S. residents and maintain a checking account with a U.S. bank.

The minimum account size is \$100. A minimum balance of \$100 must be maintained at all times. Farther Finance reserves the right to terminate any client's account if it does not maintain the minimum balance. Clients may elect through the Platform to make one-time or recurring deposits in whole dollar amounts of \$5.00 or more on a weekly, biweekly, or monthly basis. Farther Finance may not provide withdrawal functionality through the Platform for all products, especially products such as tax-advantaged accounts that may incur tax penalties in certain withdrawal situations.

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## ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION

Farther Finance, as an investment advisor, selects mutual funds, ETFs or securities in accordance with the description of services provided in this brochure. As such, Farther Finance does not select portfolio managers.

### **6a: Services and Tailoring**

Each portfolio will be initially designed to meet a particular investment goal, which Farther Finance has determined to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, Farther Finance will review the portfolio at least monthly and if necessary, rebalance the account based upon the client's individual needs, stated goals and objectives.

Farther Finance seeks "best execution" for client accounts, which is a combination of a number of judgmental factors including price, execution quality and client needs. Recognizing the value of these judgmental factors, brokers selected or recommended may charge commissions that are higher than the lowest commissions that might otherwise be available.

### **6b: Performance-Based Fees and Side-by-Side Management**

Farther Finance does not charge performance based fees. We also do not perform side-by-side management.

### **6c: Investment Strategies, Analysis and Risk of Loss**

Farther Finance deploys diverse investment strategies to meet your investment objectives. These methodologies are formulated based on a comprehensive review and assessment of your expectations, investment time horizon, risk tolerance level, present investment allocation, and current and projected financial requirements.

Ultimately, each strategy must maximize return within reasonable and prudent levels of risk. Also, the approach taken must provide exposure to a wide range of investment opportunities in various markets while limiting risk exposure through prudent diversification. Finally, the costs of administering and managing the investments related to the strategy cannot be excessive.

The risks and limitations of this automated process could result in the continued purchase of underperforming ETFs and sale of better performing ones in order to achieve the targeted allocation in varying market conditions and may create unintended capital gains tax liabilities.

Farther Finance will use our best judgment and good faith efforts in rendering services to you. We cannot warrant or guarantee any particular level of account performance, or that the account will be profitable over time. Not every investment decision or recommendation made by us will be profitable. You assume all market risk involved in the investment of account assets and understand that investment decisions made for this account are subject to various market, currency, economic, political and business risks. Except as may otherwise be provided by law, we will not be liable to you for (a) any loss that you may suffer by reason of any investment

decision made or other action taken or omitted in good faith by Farther Finance with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; (b) any loss arising from our adherence to your instructions; or (c) any unauthorized act or failure to act by a custodian of your account. Nothing in this document shall relieve us from any responsibility or liability we may have under state or federal statutes.

#### **6d: Voting client Securities**

Farther Finance does not vote proxies or review annual reports. Clients are responsible for voting the ETF Shares in their account.

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#### **ITEM 7 – INFORMATION PROVIDED TO PORTFOLIO MANAGERS.**

Farther Finance manages all client portfolios directly using its interactive software application and algorithm and does not use external or individual portfolio managers. At account opening, clients provide age, financial condition, employment status, investment objectives, time horizon, and risk tolerance which the algorithm considers for selecting target asset allocations. Farther Finance may require clients who accumulate investments exceeding specified amounts to provide additional information regarding their financial circumstances.

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#### **ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Farther Finance provides investment advice solely through the Platform. Consequently, Farther Finance personnel do not offer individualized investment advice in-person, via email or telephonically.

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#### **ITEM 9 – ADDITIONAL INFORMATION**

##### **9a: Disciplinary information**

Farther Finance has no reportable material legal, regulatory, financial or disciplinary events to disclose.

##### **9b: Other Financial Industry Activities and Affiliations**

The firm and its advisers do not have any other financial industry activities and affiliations.

##### **9c: Code of Ethics and Participation or Interest in Client Transactions**

Farther Finance has adopted a Code of Ethics that governs a number of potential conflicts of interest that we may have when providing our advisory services to you. This Code of Ethics is designed to ensure we meet our fiduciary obligation to always act in your best interests and to stress the importance of a culture of compliance within our firm.

Our Code of Ethics is distributed to each employee at the time of hire and annually thereafter if it is revised. A complete copy of our Code of Ethics will be supplied to you, free of charge, if you request it.

Our Code of Ethics includes the following:

- Requirements related to the confidentiality of your personal, business and financial information
- Prohibitions on insider trading (if we are in possession of material, non-public information)
- Reporting of gifts and business entertainment
- Pre-clearance of employee and firm transactions
- Reporting (on an on-going and monthly basis) all personal securities transactions (what we call “reportable securities” as mandated by regulation)
- On an annual basis, we require all employees to re-certify to our Code of Ethics

Farther Finance, or its employees, may buy and sell some of the same securities for our own accounts that we buy and sell for our clients. We will always buy or sell from our clients’ accounts before we buy or sell from our accounts. In some cases Farther Finance, or its employees, may buy or sell securities for our own accounts and not for clients’ accounts, as it may not meet the objectives or plans for the client.

Farther Finance will always maintain full disclosure with our clients so that you can make informed decisions. We will always evaluate our activity from the view of our clients to ensure that any and all required disclosures are made. For example, we will disclose anything that would cause you to be unfairly influenced to make any decision regarding actions or inactions in your account.

#### **9d: Review of Accounts**

Farther Finance reviews accounts on a limited basis monthly for accounting purposes. Further, reviews occur monthly for rebalancing purposes. Clients are encouraged to update Farther Finance of any change in their objectives and financial circumstance.

#### **9e: Client Referrals and Other Compensation**

Farther Finance may offer clients or prospective clients certain promotions or rewards in connection with opening and/or maintaining products and/or services offered by or through affiliated and unaffiliated entities. Such promotions or rewards may include, by way of example, the payment of a cash reward. The promotions may require a client to request to receive or participate in the promotion or reward, and/or require a client to meet various eligibility criteria. These promotions or rewards may extend to a client’s account that holds assets in the Program, and, in certain instances, participation in the Program may be a condition for these promotions or rewards.

Farther Finance also expects from time to time to run various promotional campaigns to attract clients to open accounts on the Platform. These promotions may include additional account services or products offered on a limited basis to select clients, more favorable fee arrangements, and/or reduced or waived advisory fees for clients.



**9f: Financial Information**

Farther Finance has no financial issues that could impair our ability to carry out our fiduciary duty to our clients. Farther Finance has never been the subject of a bankruptcy petition. Farther Finance does not solicit prepayment of more than \$1,200 in fees per client six (6) months in advance.

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