



EFFICIENT FRONTIER ADVISORS LLC

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**FORM ADV PART 2A
BROCHURE**

This brochure provides information about the qualifications and business practices of Efficient Frontier Advisors LLC. If you have any questions about the contents of this brochure, please contact us at 860-974-3573. 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 Efficient Frontier Advisors LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Efficient Frontier Advisors LLC is 111895.

Efficient Frontier Advisors LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Material Changes

Form ADV Part 2A, Item 2

ANNUAL UPDATE

Efficient Frontier Advisors LLC is providing this information as part of our annual update of information filed with the U.S. Securities and Exchange Commission (“SEC”).

MATERIAL CHANGES SINCE THE LAST UPDATE

The SEC adopted amendments to Part 2 of Form ADV effective October 2010. The newly revised Part 2 consists of Part 2A (the “Brochure”) and Part 2B (the “Brochure Supplement”). Each update of the Brochure must now include a summary of all material changes since the last annual update.

The following are material changes since Efficient Frontier Advisors LLC’s brochure last updated on July 23, 2015:

1. None

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Advisory Business

Form ADV Part 2A, Item 4

ADVISORY FIRM

The U.S. Securities and Exchange Commission granted Efficient Frontier Advisors LLC registration on August 3, 2001. The firm, not publicly owned or traded, consists of two partners: William J. Bernstein is a principal and partner; Susan F. Sharin is a principal, partner, and the chief compliance officer of the firm. There are no indirect owners of the firm nor intermediaries with any ownership interest in the firm.

ADVISORY SERVICES

Efficient Frontier Advisors LLC's practice currently consists of 100% investment supervisory services, that is, providing continual investment advice to each client based on the individual client's needs and personal circumstances. All assets are managed on a discretionary basis.

The advisory relationship commences with a series of consultative sessions between Efficient Frontier Advisors LLC (EFA) and the client to discuss at length the client's financial situation, focusing on investment objectives, risk tolerance, time horizon, asset-class preferences, and investment strategies. EFA then individually tailors an investment policy and portfolio for the client, relying on client-supplied information as a starting point.

After the initial consultative sessions, EFA presents verbally and in writing the investment plan designed specifically for the client's managed portfolio. The advisor will assist the client in obtaining and completing the required paperwork to establish the necessary investment accounts.

Efficient Frontier Advisors LLC manages a client's portfolio primarily using index and passively managed no-load funds. The firm employs asset-allocation strategies based on modern portfolio theory. In addition, EFA's proprietary method of rebalancing is used extensively in tax-sheltered accounts; in taxable accounts, similar rebalancing strategies are used, but tax issues form an integral part of the methodology.

Regarding the fixed-income portion of the portfolio, the advisor generally recommends holdings in one or more tax-exempt bond funds along with laddered U.S. Treasuries and FDIC-insured CDs, as appropriate to the client's circumstances.

EFA communicates with the client as needed to manage the investment portfolio and to remain in regular contact. EFA relies on the client to convey promptly any important changes in the client's financial situation. The advisor does not offer advice on individual stocks or individual bonds.

Efficient Frontier Advisors LLC provides the following reports to clients: at the end of the initial phase, a written statement detailing the recommended investment plan; quarterly, status reports by telephone to touch base with the client; and annually, unless otherwise agreed upon, written reports detailing portfolio investments and performance versus the benchmarks. In addition, the primary custodian, TD Ameritrade Institutional, provides monthly statements that itemize all account holdings and activity.

Efficient Frontier Advisors LLC does not vote proxy statements on behalf of advisory clients. Also, the firm does not provide legal or tax advice or financial planning services; it is the client's responsibility to consult with legal and/or tax advisors as needed.

TAILORED SERVICES

The firm manages each client's portfolio on an individualized basis. Clients may impose restrictions.

WRAP FEE PROGRAMS

The firm does not participate in wrap programs.

ASSETS UNDER MANAGEMENT

As of December 31, 2015, EFA managed assets of \$365,721,000. This represented 36 client relationships, totaling 213 accounts. All assets are managed on a discretionary basis.

Fees and Compensation

Form ADV Part 2A, Item 5

INITIAL FEE

Efficient Frontier Advisors LLC charges an initial fee for: the series of consultative meetings at the onset, the investment policy (asset-allocation design), specific investment recommendations, and the initial written report detailing the investment strategy and implementation plan. This fee ranges from \$10,000 to \$30,000, depending on the size and complexity of the portfolio, payable at the time of signing the advisory contract. The client may rescind the investment advisory contract within five business days of signing and receive a full refund, less \$300 per hour for advisory services already rendered. The initial fee is negotiable solely at the advisor's discretion.

ANNUAL MANAGEMENT FEE

The advisor charges an annual management fee of 0.32% on the first \$10 million in assets plus 0.20% on the next \$40 million in assets plus 0.15% on all assets above \$50 million. The annual management fee is payable in arrears in four quarterly installments: at the end of each quarter, the advisor bills an amount equal to one-quarter of the calculated annual fee with a minimum quarterly fee of \$8,000. Any partial quarters are pro-rated. The advisor deducts quarterly management fees from client accounts. Advisory fees are negotiable solely at the advisor's discretion. Efficient Frontier Advisors LLC will not be compensated on the basis of a share of capital gains or capital appreciation of client funds.

OTHER COSTS

In addition to fees paid to Efficient Frontier Advisors LLC, the client will incur transaction fees and the usual expenses charged by mutual funds or ETFs.

ONE-TIME CONSULTATION FEE

EFA had occasionally provided one-time consultation services. The advisor has not done so since early 2002 and has no plans to resume such a service.

TERMINATION OF MANAGEMENT FEE

Either party may terminate the investment advisory contract at any time by sending a written communication. The ongoing basic management fee will cease at that point, and the advisor will bill the client for that portion of the quarter already elapsed.

SALES COMMISSIONS

The advisor does not receive any compensation for the sale of securities or other investment products, including asset-based sales charges or transaction fees from the purchase or sale of mutual funds, ETFs, Treasuries, or CDs.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

Not Applicable (None).

Types of Clients

Form ADV Part 2A, Item 7

CLIENTS

The types of clients which the firm currently advises are: individuals, trusts, foundations, and other charitable entities.

MINIMUM PORTFOLIO SIZE

The minimum portfolio size for ongoing management is \$25 million, negotiable solely at the advisor's discretion. Due to the limited number of clients the advisor intends to work with, Efficient Frontier Advisors LLC will consider prospective clients vis-à-vis their rapport with the principals, a match in investment philosophy, and overall fit between the prospective client's needs and the firm's services.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

ANALYSIS METHODS

Efficient Frontier Advisors LLC manages equity investments primarily with no-load mutual funds and, occasionally, with exchange-traded funds (ETFs) or traditional closed-end funds. The method of analysis and selection is based on the cumulative investment experience and research of the partners, but can best be summarized as follows:

After determining the appropriate target allocations of cash, bonds, and equity investments for a client's portfolio, the advisor selects specific funds within the asset and sub-asset classes. Factors include:

- A conservative and realistic appraisal of the expected future returns of the asset classes employed.
- The fund's fee structure. The advisor seeks funds with low annual expense ratios. The advisor endeavors to construct a portfolio of funds with an average expense ratio well under one percent.
- Passive management. The advisor makes selections based on fund expenses, turnover, tracking error, and overall level of experience in this area.
- Active management. In the rare instance of using an actively managed fund, the advisor seeks managers that have had long, venerable careers. In addition, the advisor looks for continuity of management with the given fund.
- The fund's track record. The advisor analyzes the fund's track record, especially under the fund manager currently in place.
- The advisor does not restrict selections to only pure asset-class funds.

Efficient Frontier Advisors LLC manages fixed-income investments using a combination of no-load bond funds, U.S. Treasuries, FDIC-insured CDs, and Vanguard Prime Money Market. The advisor analyzes bond funds with guidelines similar to the above. If the client already owns individual tax-exempts, the advisor will rely on ratings services (Standard & Poor's, Moody's, etc.) and will recommend keeping only AA or AAA-rated municipal bonds unless the maturity is no more than a few years. Treasuries and FDIC-insured CDs (within the limits of coverage) are assumed to be free of default risk and are not analyzed.

INVESTMENT STRATEGIES

Efficient Frontier Advisors LLC will recommend an initial allocation of assets (among stocks, bonds, and cash) based on client objectives, time horizon, risk tolerance, restrictions (if any) and, within certain limits, client preferences. The approach favors a wide range of globally-diversified assets, using modern portfolio theory to assess the optimal characteristics of a portfolio for each client's unique financial circumstances.

The equity strategy involves long-term investments (held at least five years and ideally, ten years or longer) in no-load equity funds. The advisor believes the securities markets to be generally efficient, that few active managers reliably exceed benchmark returns in the long run, and that it is nearly impossible to identify in advance those few who will provide returns in excess of the benchmark. Efficient Frontier Advisors LLC thus endeavors to use passively managed funds wherever possible.

The advisor selects a combination of large-cap, small-cap, international, and, to a lesser extent, hybrid and core funds; the selection has a bias toward low multiples of book, earnings, and cash-flow aggregate values. In determining portfolio design, the advisor considers the amount of assets being invested, the client's particular circumstances, and how each asset affects overall portfolio behavior.

Portfolio rebalancing is a key part of the investment strategy. In tax-sheltered accounts, individual asset classes are rebalanced when allocations exceed certain limits, based on a proprietary method involving asset-class volatility, expected return, and covariance with the remainder of the portfolio. For taxable accounts, a similar rebalancing method is used, but tax issues constitute an integral part of the equation.

Efficient Frontier Advisors LLC manages fixed-income investments within the portfolio using no-load bond funds, laddered U.S. Treasuries and FDIC-insured CDs, and Vanguard Prime Money Market. In the case of bond funds, the advisor generally chooses short- and/or intermediate-term funds where the average maturity is under ten years.

RISK OF LOSS

First and foremost, the advisor believes that, particularly during periods of high market volatility, there are only two kinds of assets in a portfolio: *risky* assets, mainly comprising stocks, but also including low-quality and longer-duration bonds, and *low-risk* assets, mainly short-duration, very high-quality bonds. The former must, in the judgment of the advisor, have significantly higher expected returns than the latter to warrant their inclusion in the portfolio. Risky assets can sustain losses, under extraordinary circumstances, of more than 50%, whereas low-risk assets should be expected to retain most of their value.

The advisor considers only the volatility of the *overall* portfolio in constructing its design; this is determined primarily by the mix of risky and low-risk assets. While the advisor takes into consideration the historical correlations and volatilities among the risky assets in the portfolio, the advisor believes that the use of mean-variance-based “black box” techniques are of extremely limited value in portfolio design.

The advisor does not believe there are benefits from market timing and does not employ any such strategies. However, the advisor *does* believe that expected returns vary with market valuations and occasionally adjusts the allocation of risky assets in a direction *opposite* of valuation changes.

Disciplinary Information

Form ADV Part 2A, Item 9

Not applicable (None).

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

None.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Form ADV Part 2A, Item 11

The partners of Efficient Frontier Advisors believe strongly in their chosen investment strategy and will, of necessity, own many of the same funds as clients. Thus, William Bernstein and Susan Sharin may buy and sell for themselves open- or closed-end funds that they also recommend to clients. They believe that there are no conflicts of interest in these transactions due to the open-end structure of mutual funds and the very large size of the selected funds relative to the expected size of the partners' and clients' transactions.

Regarding exchange-traded funds or traditional closed-end funds, in the case of client and advisor transactions entered on the same day, generally all transactions will receive the same price. If the orders are entered separately, client transactions will have precedence over those of the partners and will be assigned the more advantageous execution on the given day.

Efficient Frontier Advisors LLC is in compliance with and shall continue to be in compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, the firm has required Susan Sharin and William Bernstein to sign the firm's "Agreement to Abide" which compels compliance with the insider trading statute.

Efficient Frontier Advisors LLC maintains full compliance with personal securities trading practices, that is, with SEC Regulation 275.204-2(a)(12). Also, the firm has adopted a written Code of Ethics in compliance with SEC Rule 204A-1. The code sets forth the standards of conduct and requires compliance with federal securities laws. The code also addresses personal trading and requires all personnel to report their personal securities holdings and transactions to the firm's Chief Compliance Officer. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Brokerage Practices

Form ADV Part 2A, Item 12

The advisor will generally recommend that clients use TD Ameritrade Institutional as broker and custodian for the assets to be managed. Accounts are insured with the usual \$500,000 of SIPC insurance plus additional insurance coverage up to the full value of the account. Naturally, this insurance does not cover changes in value due to market fluctuations. The selected custodian, TD Ameritrade Institutional, also provides EFA clients with one of the highest-yielding sweep vehicles in the industry (Vanguard Prime Money Market), competitive transaction fees on funds, and nominal fees on Treasury transactions. By way of an annual “Best Execution Survey,” the advisor continually monitors other custodian offerings and compares them with the TD Ameritrade Institutional platform.

The advisor does not receive any research, soft-dollar benefits, or client referrals in return for using a particular custodian’s brokerage services.

Review of Accounts

Form ADV Part 2A, Item 13

ACCOUNT REVIEWS

Efficient Frontier Advisors reviews client portfolios at least monthly, but generally on a weekly or even daily basis. The following are triggering factors for an in-depth review: a major change in client circumstances; a large deposit to or withdrawal from the portfolio; a dramatic move in market valuations; a change in fund management, fee structure, or fund objectives; or a prolonged negative tracking error of a passively managed fund with respect to its relevant benchmark.

VERBAL REPORTS

Unless otherwise agreed upon, the advisor provides quarterly reports by telephone, updating clients on the status and performance of their portfolios.

WRITTEN REPORTS

Clients will receive monthly reports from their brokerage-house custodian, showing the value of account holdings and all activity. Unless otherwise agreed upon, the advisor will provide written annual reports, detailing the portfolio holdings, asset allocation, and performance versus the benchmarks.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

ADDITIONAL COMPENSATION

William Bernstein has written several books about finance, economics, and history, and in the course of his work as a writer, he also gives occasional talks. These pursuits entail compensation to him personally. These activities could also benefit Efficient Frontier Advisors LLC in some way, such as by attracting new clients or other consulting business for the firm.

CLIENT REFERRALS AND SOLICITATION ARRANGEMENTS

Not Applicable (None).

Custody

Form ADV Part 2A, Item 15

Not applicable (None).

Investment Discretion

Form ADV, Part 2A, Item 16

Efficient Frontier Advisors LLC has investment discretion (“limited power of attorney,” limited to the purchase and sale of securities) over each client account, allowing the advisor to enter buy and sell transactions directly for client portfolios without discussing them with the client first. However, the client may restrict the advisor from buying certain types of investments or place other limitations on the portfolio management.

The client authorizes investment discretion as follows: When the client opens an account with the brokerage-house custodian, the client initials and signs certain parts of the new account paperwork to grant discretionary trading authorization (“limited power of attorney”) to the advisor. The advisor never accepts full power of attorney over a client account.

The firm does not vote proxies for clients.

Voting Client Securities

Form ADV Part 2A, Item 17

The firm does not vote proxies on behalf of our advisory clients. The custodian will mail proxies and other solicitation information directly to each account owner unless the client has requested on their account application to withhold their name and address from the fund company.

Financial Information

Form ADV Part 2A, Item 18

Not applicable (None).

Requirements for State-Registered Advisers

Form ADV Part 2A, Item 19

Not applicable (None).

Additional Information

None.