

## Item 1 – Cover Page

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This brochure provides information about the qualifications and business practices of WiseBanyan, Inc. (“WiseBanyan” or the “Firm”). If you have any questions about the contents of this brochure, or if you would like to request a copy of this Brochure free of charge, please contact us at (646) 593-8359 or at [support@wisebanyan.com](mailto:support@wisebanyan.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.

WiseBanyan is a registered Investment Adviser with the United States Securities and Exchange Commission. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. Additional information about WiseBanyan is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). WiseBanyan’s CRD number is 150953.

## **Item 2 – Material Changes**

### **Material Changes since the Last Update**

This section addresses only those items or sections which are deemed to be material changes. The following material changes are as follows:

This section has been expanded to better articulate the services that are offered to clients including Premium Packages which clients can elect for a fee.

- Item 5: Fees and Compensation

This section has been updated to include new Premium Packages as well as additional notes on fees charged.

- Item 12: Brokerage Practices

With the launch of new services, WiseBanyan will now use limited capabilities of margin accounts, specifically faster availability of cash upon the sale of securities. This section has been expanded to include this.

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#### Item 4 – Advisory Business

WiseBanyan, Inc. is a wholly owned subsidiary of WiseBanyan Holdings, Inc. and has been providing advisory services since September 1, 2009. WiseBanyan Holdings, Inc. is owned primarily by employees of WiseBanyan, Inc. Mr. Herbert Moore, CEO/CCO owns in excess of 25% of WiseBanyan Holdings, Inc. and is the largest indirect shareholder of WiseBanyan, Inc. Mr. Moore is also registered with its affiliated broker-dealer, WiseBanyan Securities LLC.

As of February 20, 2018, WiseBanyan manages \$157,077,103.66 on a discretionary basis.

#### PORTFOLIO MANAGEMENT SERVICES

WiseBanyan currently offers prospective clients automated portfolio management services via the WiseBanyan website and mobile applications.

WiseBanyan begins by assessing a client's investment profile through an online questionnaire via the WiseBanyan website and mobile applications which gauges factors such as the client's desire to maximize returns vs. their desire to minimize losses, time horizon, income. WiseBanyan then provides a recommended portfolio allocation based on the client's responses. The client may choose WiseBanyan's recommendation or a different model portfolio allocation.

WiseBanyan model portfolios are comprised of a mix of low-cost<sup>1</sup> exchange traded funds ("ETFs") across various asset classes<sup>2</sup>. To endeavor to provide the optimal investment strategy, WiseBanyan's focuses on building fully diversified model portfolios while minimizing fees and tax consequences. This strategy is based upon Modern Portfolio Theory, which provides the framework for combining securities in a portfolio to attempt to generate the highest returns possible for a given level of risk. We seek to achieve this through a focus on diversification - the process of building portfolios with asset classes and securities that should move independently of each other<sup>3</sup>. The model portfolios constrain the weightings of individual holdings to ensure a fully diversified allocation. All WiseBanyan recommended model portfolio allocations are diversified, liquid, and do not use any leverage.

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<sup>1</sup> Low cost in this context refers to the expense ratio/management fee of the ETFs.

<sup>2</sup> The various asset classes utilized are outlined on the next page (page 5).

<sup>3</sup> Moving independently utilizes the concept of asset classes that have had historically low correlations to one another. There is no guarantee that the correlation of the asset classes in our model portfolios will maintain low correlations over time. Correlations are subject to change over time.

After initial account opening, clients may update their portfolio allocation at any time. WiseBanyan provides clients with individual, password-protected, login credentials to its website and mobile application where clients can view their holdings and their account history as well as access to all account related documents. WiseBanyan rebalances each client's portfolio on a periodic basis to realign the portfolio to the desired weighting across investments.

WiseBanyan specializes in automated portfolio management and recommends portfolios tailored for clients' investment objectives and time horizon. Clients utilizing WiseBanyan's automated portfolio management service should understand that model portfolios are allocated to a limited number of ETFs. WiseBanyan recommends portfolios comprised of ETFs in the following asset class:

1. US Equities
2. International Developed Equities
3. International Emerging Equities
4. US Treasuries
5. US Inflation Protected Treasuries
6. US Investment Grade Corporate Bonds
7. Short Term Corporate Bonds
8. Real Estate Trusts
9. Short Term High Yield Corporate Bonds
10. US Short Term Treasuries

In addition to the asset classes listed above, clients can also access additional asset classes through ETFs or equities. Finally, clients can also opt-in to various "Premium Packages" which expand the functionality of WiseBanyan by providing access to additional account types, tax loss harvesting services, increased levels of client directed customization, or other features. See Item 5 for more details on all Premium Packages.

***In the event that clients elect portfolios that are not recommended by WiseBanyan, the client acknowledges that WiseBanyan has no suitability obligation whatsoever and shall be responsible for all investment decisions or investment strategies, including the decision to hold any and all securities in the account based on the client's own decision and at the client's own risk. This is especially true if the client uses WiseBanyan's Portfolio Plus Package and designs and implements his or her own portfolio.***

WiseBanyan will ensure that the following conditions are met:

1. WiseBanyan provides recommendations based on the client's stated financial situation and investment objectives;
2. Each client will receive account statements with a description of all account activity at least quarterly prepared by Apex Clearing Corp., ("Apex") who acts as WiseBanyan's clearing firm and the qualified custodian maintaining custody of the client's portfolio assets (for more detail please see Item 12)
3. WiseBanyan also manually manages a small number of legacy accounts for existing clients. However, these manually managed individual investment accounts are not available to new clients. These manually managed individual investment accounts are managed on a discretionary basis, customized to the individual needs of that client, and may utilize a call option writing strategy for all or a portion of the account(s).

## **Item 5 – Fees and Compensation**

WiseBanyan's automated portfolio management service, as described in Item 4 – Advisory Business, is offered free of any advisory fees.

In addition to the no-fee automated portfolio management service described above, WiseBanyan currently offers:

- The Tax Protection Package, which includes WiseHarvesting (a tax loss harvesting service), the ability to remove certain securities from the client's portfolio, and the ability to maintain an IRA account on the WiseBanyan platform.
- The Fast Money Package, which includes the ability to transfer money more quickly from a client's checking account to brokerage account, the ability to schedule recurring deposits for specific days, and over-draft protection on the funding bank account.
- The Portfolio Plus Package, which includes the ability to create custom portfolios from pre-selected ETFs and then use those portfolios for milestones and goals on the WiseBanyan platform.

Clients may choose which of these features they wish to apply to their WiseBanyan account. Clients may opt into these services at anytime and may also terminate at anytime.

Fees are listed below. In all cases, WiseBanyan calculates these fees and directs the custodian to debit the client account.

- The Tax Protection Package fee is an annual 0.24% fee accrued daily, calculated based on the average total Client assets held in all WiseBanyan accounts, based on a 365 calendar day year, and billed in arrears at the end of the month. The Tax Protection Plan Fee is capped at \$20 per month for each participating WiseBanyan Client. In addition, if a client has a WiseBanyan account, there is a minimum fee of \$10 per IRA account per year derived from the assets of that IRA account.
- The Fast Money Package is a \$2 per month billed in arrears at the end of each month. If the client has selected the package for any portion of the month, the client will be billed for a full month (\$2).
- The Portfolio Plus Package is a \$3 per month billed in arrears at the end of each month. If the client has selected the package for any portion of the month, the client will be billed for a full month (\$3).

WiseBanyan's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, which are incurred through the investment of client assets by WiseBanyan. Clients may incur certain charges imposed by custodians, brokers, and other third parties, such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such fees are fully disclosed on the WiseBanyan website. WiseBanyan may also, in its sole discretion, reimburse or bear fees imposed upon WiseBanyan clients by custodians, brokers, and other third parties.

ETFs charge management fees, which are disclosed in the ETFs' prospectuses and included in the share price of the ETFs. Such charges, fees and commissions are exclusive of and in addition to any WiseBanyan fee. Meaning, if the "Tax Protection Package" or the "Fast Money Package" is selected, investors will be subject to two layers of fees. One fee is at the WiseBanyan product level, and the second level of fees is at the ETF level, as communicated above. WiseBanyan does not receive any portion of these commissions, fees, or costs from the ETF sponsors.

Item 12 further describes the factors that WiseBanyan considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

For the legacy manually managed individual investment accounts, an annual fee of 0.50% of client assets is charged daily in arrears. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). For clients that elect to be billed quarterly in advance and who terminate the advisory agreement during a calendar quarter, WiseBanyan will refund any paid, unearned portion of the fee to the client. The client fee is calculated and billed by the custodian, Interactive Brokers, and WiseBanyan checks these fees periodically for accuracy.

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

WiseBanyan does not charge fees based on the basis of a share of capital gains or capital appreciation of the funds or any portion of the funds of an advisory client, i.e. performance-based fees.

#### **Item 7 – Types of Clients**

WiseBanyan generally offers automated portfolio management services to individuals. While there are a range of individuals who take advantage of this service, the appeal is greatest for those who are just getting started investing and those who are seeking to automate or simplify their investments.

There is no minimum account size for the automated portfolio management.

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

For the automated model portfolio management services, WiseBanyan begins with a preset allocation of ETFs based on the client's investment profile, as described in Item 4.

WiseBanyan then sells options against ETFs held long. Options sold are selected based on a variety of factors including but not limited to momentum of the underlying ETF, previous strike prices sold and the amount of premium received. More information about ETFs can be found in Item 4.

For its automated model portfolio management service, WiseBanyan's investment strategy focuses on building diversified model portfolios while seeking to minimize fees and tax consequences. This strategy focuses on Modern Portfolio Theory, which provides the framework for combining securities in a portfolio to attempt to generate the highest



returns possible at a given level of risk. This is achieved through a focus on diversification - the process of building portfolios with different asset classes and securities to reduce risk. The model portfolios constrain the weightings of individual holdings to ensure a fully diversified allocation.

Investing in securities involves risk of loss that clients should be prepared to bear. All securities investments can potentially result in a total loss of the investment. Specific and material risks associated with WiseBanyan's automated model portfolio management include but are not limited to:

**MARKET RISK:** WiseBanyan's portfolios are generally positively correlated with the world stock and fixed income indices. An overall downturn in the world stock and fixed income markets will generally result in losses in WiseBanyan's managed portfolios.

**ETF RISKS:** In addition to market risk (as stated above), ETFs are subject to a number of risks. Before investing, it is important that you understand factors that create these risks.

How does the EFT achieve its stated objectives, and what are the risks? Understand the techniques the ETF uses to achieve its goals. For example, engaging in short sales and using swaps, futures contracts and other derivatives can expose the ETF – and by extension ETF investors to a host of risks.

What happens if I hold longer than one trading day? While there may be trading and hedging strategies that justify holding these investments longer than a day, buy-and-hold investors with an intermediate or long-term horizon should carefully consider whether these ETFs are appropriate for their portfolio. In other words, because ETFs reset each day, their performance can quickly diverge from the performance of the underlying index or benchmark. It is possible that you could suffer significant losses even if the long-term performance of the index showed a gain.

**DERIVATIVES:** WiseBanyan trades options within the legacy accounts only. Options can serve to mitigate risk, but they can also enhance risk by amplifying losses.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to evaluation of WiseBanyan or the integrity of WiseBanyan's management. WiseBanyan has no information applicable to this Item.

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

Herbert Moore and Vicki Zhou, WiseBanyan, Inc.’s management persons, are registered representatives of an affiliated broker dealer, WiseBanyan Securities LLC. (“WiseBanyan Securities”). No relationships or arrangements between WiseBanyan, Herbert Moore, Vicki Zhou, and any other persons or entities which creates a material conflict of interest with WiseBanyan’s clients. WiseBanyan is also affiliated with WiseBanyan Holdings, Inc., its parent company. WiseBanyan Holdings, Inc.’s sole activity is as parent company to WiseBanyan, Inc. and WiseBanyan Securities LLC.

WiseBanyan Securities acts as the introducing broker dealer for WiseBanyan client accounts. However, neither WiseBanyan nor WiseBanyan Securities charges WiseBanyan clients any fees related to WiseBanyan Securities’ role as introducing broker dealer. Accordingly, potential material conflicts of interest are minimized with this arrangement.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

WiseBanyan has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to standards of business conduct, personal securities transactions, and prohibition against insider trading. All supervised persons at WiseBanyan must acknowledge the terms of the Code of Ethics annually, or as amended.

WiseBanyan anticipates that, in appropriate circumstances, consistent with clients’ investment objectives, it will cause accounts over which WiseBanyan has discretionary authority to effect the purchase or sale of securities in which WiseBanyan, its management persons and/or clients, directly or indirectly, have a position of interest. WiseBanyan’s employees and persons associated with WiseBanyan are required to follow WiseBanyan’s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of WiseBanyan and its employees may trade for their own accounts in securities, which are recommended to and/or purchased for WiseBanyan’s clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of WiseBanyan will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of WiseBanyan’s clients.

Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between WiseBanyan and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with WiseBanyan's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at the same average price. WiseBanyan will retain records of client orders (specifying each participating account) and their allocations. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. WiseBanyan employees are permitted to hold WiseBanyan accounts, these employee accounts are treated equally to all other WiseBanyan client accounts.

WiseBanyan's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting WiseBanyan at [support@wisebanyan.com](mailto:support@wisebanyan.com)

It is WiseBanyan's policy that the firm will not affect any principal transactions for client accounts. WiseBanyan will also not cross trades between client accounts.

## **Item 12 – Brokerage Practices**

### PORTFOLIO MANAGEMENT SERVICES

WiseBanyan participates in the professional services program offered to independent investment advisers by Interactive Brokers and Apex, both are FINRA and SEC registered broker dealers. All WiseBanyan clients that have selected WiseBanyan's web-based model portfolio management services via the WiseBanyan website will have brokerage accounts opened with WiseBanyan Securities acting as the introducing broker and Apex acting as the clearing firm and qualified custodian.

WiseBanyan regularly reviews these programs to ensure that its portfolio recommendations are consistent with its fiduciary duty. WiseBanyan does not accept clients who direct the use of other brokers.

WiseBanyan places all trades for automated model portfolio management service through Apex. Legacy manually managed investment accounts trade through Interactive Brokers. WiseBanyan has evaluated Interactive Brokers and Apex and believes that each will provide WiseBanyan clients with a blend of execution services, commission costs and professionalism that fulfills WiseBanyan's best execution requirement for client transactions. While WiseBanyan has a reasonable belief that Interactive Brokers and Apex

are able to obtain best execution and competitive prices, WiseBanyan does not route orders to other broker-dealers other than Interactive Brokers and Apex. Periodically WiseBanyan evaluates executions by Apex and Interactive Brokers to ensure that best execution has been achieved. Best execution may be available through the use of other broker dealers. WiseBanyan reserves the right to decline acceptance of any client account that directs the use of a broker dealer other than Apex for automated model portfolio management. As such, it is possible that best execution or a better price may be available through broker-dealers other than Interactive Brokers or Apex. WiseBanyan may use block trades when advantageous to clients. Block 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 allows WiseBanyan to execute trades in a timelier, equitable manner and to reduce overall commission charges to clients.

WiseBanyan does not have any arrangements to compensate any broker dealer for client referrals.

### **Margin**

Depending on the services that model portfolio management clients elect, WiseBanyan may open margin accounts on behalf of clients or convert an existing account to a margin account. WiseBanyan does not use leverage in margin accounts; instead, margin accounts are used in order to have immediate availability of cash upon the sale of securities. Neither WiseBanyan nor its affiliated broker dealer, WiseBanyan Securities, offer the margin directly. Instead, the margin is provided by Apex. All disclosures are provided by Apex, and clients should read disclosures carefully and contact WiseBanyan at (646) 593-8359 or [support@wisebanyan.com](mailto:support@wisebanyan.com) if they have any questions.

### **Item 13 – Review of Accounts**

WiseBanyan’s automated model portfolio management service uses proprietary as well as commercially available software to review the portfolios on a daily basis to ensure that client portfolio allocation are in line with the allocation the client selected. Additional reviews may be triggered by material changes in variables such as a client’s individual circumstances, or the market, political or economic environment. All clients using the manually managed individual investment management service have direct access to their account information through the Interactive Brokers website. A review is conducted at least monthly for these legacy manually managed accounts.

Clients using the automated model portfolio management service have access to account details continuously through the WiseBanyan website and mobile application, including current account balances and positions. For clients using the automated model portfolio management service, Apex prepares account statement showing all transactions and account balances at least quarterly. All information relating to Client accounts are provided on the WiseBanyan website and/or sent via email, as agreed to with each client at the time of their account opening.

WiseBanyan conducts separate reviews related to the ETFs used for portfolio management services. WiseBanyan has the authority, if necessary, to take action up to and including the addition, removal, or replacement of any specific or multiple ETFs from the portfolios.

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

WiseBanyan does not currently utilize solicitors to refer advisory clients to the firm. WiseBanyan does not currently compensate any third-party for client referrals.

WiseBanyan has marketing services agreements with non-affiliated third parties offering services for student loans, mortgages, and life insurance. WiseBanyan may receive compensation for marketing services provided to these third parties.

#### **Item 15 – Custody**

Clients receive monthly statements from either Apex or Interactive Brokers, depending on the qualified custodian utilized. . WiseBanyan does not create nor provide monthly custody statements of any kind. Facts and figures provided on the “WiseBanyan Dashboard” are not official custody statements and are provided for informational purposes only. Clients are urged to compare the official custody statements provided by Apex or Interactive Brokers to facts and figures found on the “WiseBanyan Dashboard”, and if any discrepancies are detected, please contact WiseBanyan promptly. For additional information, please reference Item 12.

#### **Item 16 – Investment Discretion**

WiseBanyan receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. As such, prior to WiseBanyan accepting discretionary authority over a client’s account, each client is

required to agree to the WiseBanyan Investment Advisory Agreement, which includes a limited power of attorney granted to WiseBanyan by the client. In all cases, however, WiseBanyan's discretion will be exercised in a manner consistent with the portfolio recommended to and accepted by the client or with the portfolio selected by the client.

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

As a matter of firm policy and practice, WiseBanyan does not have any authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive shareholder notices directly from the designated custodian. WiseBanyan may provide advice to clients regarding the clients' voting of proxies.

WiseBanyan will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct WiseBanyan to transmit copies of class action notices to the client or a third party. Upon such direction, WiseBanyan will make commercially reasonable efforts to forward such notices in a timely manner.

### **Item 18 – Financial Information**

WiseBanyan has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.