



## Form ADV Part 2 - Brochure

(Prepared Pursuant to SEC Rule 204 of the Investment Advisers Act of 1940)



### NUKU Asset Inc.

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**This brochure provides information about the qualifications and business practices of NUKU Asset Inc. If you have any questions about the contents of this brochure, please contact us at (206) 596-2110 or mail us at [alex.vanderpol@nuku.com](mailto:alex.vanderpol@nuku.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about NUKU Asset Inc. also is available on the Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Plain English**

For the sake of clarity, this document has been prepared using a minimum of technical legal language and portfolio management jargon.

**Material Changes Made to this Brochure**

Material changes will be recorded in this location in the future, as required. The table of contents follows, on page 3.

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**Advisory Business – “Internet-Only” Investment Adviser**

NUKU Asset Inc. (“NUKU” or the “firm”) manages money for a range of individual clients and businesses. It provides investment advice only by means of an internet portal. The firm provides advice with respect to the optimal portfolio, in NUKU’s view, based upon the investor’s own risk tolerances and investment goals. Portfolio allocations are made accordingly by means of proprietary algorithms that seek to optimize the client’s portfolio in view of a set of investment criteria selected by the client from time to time. NUKU has not yet accumulated discretionary or non-discretionary assets under management to date (as it has not commenced full operations). However, it expects assets under management to increase substantially, and quickly, in 2014. This document will be amended accordingly in order to reflect material changes in assets under management.

**Fees & Other Compensation**

Fees are charged in various ways, depending upon the engagement. Currently, NUKU charges 1% to 2% of assets under management per account, per annum, with a minimum of \$50,000 to establish an account.

**Methods of Analysis, Investment Strategies and Risk of Loss**

NUKU follows a value-based methodology in the selection of investments. NUKU believes the highest long-term risk-adjusted returns can be achieved through careful analysis and selection of companies that are undervalued, have a strong capital base, and have a positive future potential. NUKU utilizes its own research staff and uses proprietary computer systems and algorithms for the allocation and management of client portfolios. As with all investments, there is the potential for substantial loss of principal, especially given an aggressive investment strategy.

**Disciplinary Information**

NUKU is registered with the United States Securities and Exchange Commission (the “Commission” or “SEC”) as an investment adviser. NUKU has no disciplinary record with the Commission or with any other regulatory authority, domestic or foreign.

**Other Financial Industry Activities and Affiliations**

NUKU’s only business is investment advisory/investment management services. It maintains no material business relationships with affiliates in the US or in other countries, although this may change in the future (this excludes arms-length business relationships with service providers, such as custodians and prime brokers, among others).

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

NUKU has a code of ethics. The general purpose of its code of ethics is to foster high principles of commercial honor and just and equitable principles of trade. The code of ethics covers investment related matters as well as non-investment related matters, and

establishes procedures for handling ethics related concerns or matters. It also contains provisions for the handling of personal trading by the firm's officers and employees. NUKU has not entered into any soft dollar arrangements. NUKU has not engaged any person to provide it with client referrals, for a fee, but it may do so in the future. NUKU is not a part of any directed brokerage arrangements. NUKU may, acting as principal, participate in a client transaction (See ADV, Part I), but it has not done so to date and there are no plans to do so presently. NUKU does not share client information with others, with the exception of service providers and other third-parties engaged in the servicing of client accounts or transactions. NUKU does not share client information with affiliates for cross-marketing or cross-selling purposes ("eligibility information," such as net worth or income information), as NUKU has no operating affiliates that provide services or products, although it may have operating affiliates in the future. NUKU maintains procedures to avoid identity theft, including the use of secured or encrypted or password protected documents.

### Brokerage Practices and Best Execution

NUKU has discretion to select broker-dealers to effect client account transactions. In selecting broker-dealers, it will take into consideration some or all of the following: the broker-dealers' general ability to execute transactions in a timely manner; their experience with the asset class or types of securities relevant to the transaction; the reasonableness of fees and commissions; and the availability of quality analytical materials, including research. Within the bounds of NUKU's duty to provide "best execution" for its client accounts, NUKU may, where client assets are used to effect client trades, cause the clients' accounts to pay higher fees or commissions than might be available through other broker-dealers.

**(Presently, NUKU absorbs the costs of clients' market transactions as part of the fees paid to NUKU by its clients.)** NUKU will take into account a combination of qualitative and quantitative factors in determining which broker-dealers to use for client account transactions, including commission cost, the availability of research, responsiveness of the broker-dealer, willingness to assume principal risk, and other qualitative factors as discussed above. **Presently, most if not all transactions will be effected or executed by the client's custodian broker-dealer (see "Custody," below), and NUKU will monitor to see if quality executions inure to the benefit of NUKU's clients.** Research obtained by directing certain transactions to certain broker-dealers will be used for all clients and all clients will therefore benefit from such research, all else being equal. Presently, NUKU has not entered into any soft dollar or directed brokerage arrangements with any broker-dealer, but may enter into such arrangements in the future. Generally, such arrangements will be consistent with the safe harbor provisions of Section 28(e) of the Securities Exchange Act of 1934, unless arrangements outside of Section 28(e) are required and consistent with the policies and objectives of certain hedge funds or other institutional clients advised/managed by NUKU, consistent with NUKU's fiduciary duties under the various securities laws.

Certain brokers may pay or provide reimbursement for certain investment management related expenses incurred (e.g., investment research, investment data service providers, on-line quotation services, and news and research services). This practice will or may benefit NUKU since the clients will not need to pay for such products and services out of their own resources and since NUKU will not need to provide for those services out of its

own resources. This practice may be a factor in such the selection of brokers or prime brokers.

NUKU's brokerage practices on behalf of its clients may be modified based upon the governing documents of certain clients. It is anticipated that execution of trades will be automatic, based upon NUKU's interface with selected prime brokers/custodians for client accounts. NUKU will monitor execution quality and services regularly.

### **Reviews of Accounts and Reports to Clients**

Client portfolios are reviewed regularly by NUKU's Investment Committee or similar investment team ("Investment Committee"). The Chief Investment Officer is responsible for such reviews, which he may delegate to other qualified investment personnel. The Investment Committee will monitor financial, operational and risk factors that are or may be relevant to the respective client portfolios. The Investment Committee will meet from time to time to discuss client portfolios, strategies, macroeconomic conditions, brokerage arrangements and other relevant matters. The Investment Committee may meet in the event of unusual or extraordinary macroeconomic, market, or political news that may reasonably be expected to affect client portfolios.

Generally, the firm expects to provide a high degree of total account transparency to clients in real time, in view of the internet-only nature of NUKU's business.

### **Custody**

NUKU does not maintain custody of client assets. Custody of client assets is the responsibility of qualified custodian banks or broker-dealers. Currently, all clients maintain their assets at First Southwest Company. First Southwest Company is an SEC-registered broker-dealer (325 North St Paul Street, Suite 800, Dallas TX 75201), and it effects or executes, presently, all or most client market transactions. First Southwest Company is not affiliated with NUKU. The relationship between clients and the custodian is operationally and legally independent of NUKU.

### **Investment Discretion**

In most cases, NUKU will have full investment discretion over client accounts pursuant to a written investment management agreement, i.e. it will make investment decisions without first consulting clients (although certain investment parameters (for example, concerning the level of risk) are independently determined by each client). This includes the ability to select brokers for the execution of portfolio trades, although all or most trades will be effected or executed by the custodian, as previously discussed. In some cases, NUKU will not have investment discretion, either with respect to a client account or a portion of a client account, as mutually agreed upon with such client.

To clarify the preceding, for the avoidance of doubt, NUKU will effect client transactions based upon certain risk and other investment criteria selected by clients and communicated

to NUKU through an on-line interface. The specific securities selected will be determined by NUKU, not the client, unless otherwise agreed.

### **Voting Client Securities**

As part of NUKU's management obligations, NUKU may be required to vote proxies on equity securities held in client portfolios, where clients do not agree to vote proxies themselves. In accordance with applicable law, NUKU has prepared procedures to govern how such proxies are voted. Where NUKU will vote proxies, the procedures require that a reasonable decision be made regarding a vote on any matters recommended by issuer management or concerning any issuer shareholder proposals. The procedures require that if NUKU determines not to vote, it must have a reasonable basis for withholding its vote. The policies and procedures address the handling of conflicts of interest that may arise in the voting of proxies. NUKU's vote on any matter regarding any issuer's equity securities will be recorded and kept on file in NUKU's principal office in Washington. Clients may request to see how NUKU voted any proxy, and obtain an explanation as to why it voted as it did. Requests for an explanation of votes, or for a copy of the policies and procedures, should be sent to the address listed below or on the cover page.

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### **Conflicts of Interest**

NUKU may effect principal trades with clients in accordance with the constraints imposed on it under documents that govern client accounts (such as offering memoranda, management agreements, indentures or other documents) and pursuant to the requirements of the Advisers Act. Such trades (if any) will be rare. See above.

At times NUKU, its affiliates, or employees (hereinafter with respect to this Item, "Traders") may purchase or sell for their own accounts the same issue or class of securities that are being purchased or sold for client accounts. Further, Traders may employ investment strategies for client accounts that differ from the investment strategies they employ for their own accounts. In connection therewith, Traders may at times buy the same issue or class of security that is being sold from client accounts, or sell the same issue or class of security that is being purchased for client accounts. Such disparities in direction will likely, inter alia, reflect a difference between the Traders' investment objectives, policies, risk tolerances, and investment limitations and those of clients. Nevertheless, these activities may create a conflict of interest in respect of client accounts. NUKU intends to mitigate such conflicts of interest by following policies and procedures (such as its code of ethics and compliance policies and procedures) as it has created to determine whether such proprietary purchases and sales by Traders do or may violate NUKU's fiduciary obligations to clients, or in any material manner undermine the clients' interests. NUKU has adopted a code of ethics which requires a high degree of internal transparency with respect to proprietary and personal transactions so that potential conflicts of interest may be addressed. The code of ethics and other policy documentation require employees of NUKU to report to the Chief Compliance Officer (or his or her designee) securities and commodities transactions in which they have a beneficial interest. The code of ethics also precludes certain types of transaction without

prior approval.

NUKU or its affiliates may at times purchase or sell securities part of which purchases will be allocated to client accounts and part to their own accounts. Where there are such trades, NUKU will generally determine in advance that portion that will be allocated to its own or an affiliate's account and that portion that will be allocated among client accounts. As indicated above, a similar advance determination will be made when purchase or sale will be allocated only among client accounts. This advance determination will usually be recorded in an appropriate trade memorandum or similar record (which may be in electronic form). Sometimes it may not be possible to allocate in accordance with such advance determination because of bona fide client or portfolio considerations. NUKU will record the reason for amending such advance allocation determination in an internal memorandum. Further, at certain times NUKU will only allocate after a substantial amount of time has elapsed since effecting the block order. This may happen from time to time in rapidly moving markets in which NUKU must make a quick decision to buy or sell without time for prior allocation decisions. In such circumstances, allocations will be made in accordance with bona fide client portfolio considerations, including any investment restrictions or limitations. It is NUKU's policy that all allocations will be made in a fair and equitable manner over time.

NUKU, a Trader, or an affiliate may hold securities for longer or shorter periods of time than in client accounts for which NUKU is exercising discretion over such accounts. Generally, this will have to do with the differing objectives between NUKU's various client accounts and its or an affiliate's accounts. At times NUKU may purchase for its own account or the account of affiliates securities that it is not also purchasing for client accounts (this is also the case with sales of securities). Generally, this has to do with the differing investment objectives, policies and investment restrictions imposed (explicitly or by agreement, or both) by the various accounts. Further, NUKU may employ investment strategies for client accounts that differ from the investment strategies it employs for its own or affiliates' accounts (and the same is true of such affiliates). Again, this is due, generally, to differing investment objectives, policies, restrictions and strategies.

### **Financial Information/Condition**

NUKU is solvent and is not in a "precarious financial condition" (as that phrased is defined by NUKU's regulator, the SEC). The firm does not receive fees six months or more in advance of services, and would therefore not be liable for the reimbursement of such fees upon termination of an investment advisory or management agreement that called for such advance pre-payment of fees.

### **Other Information About NUKU – Certain Senior Officers and Investment Professionals**

As mentioned, all of the investment personnel have appropriate degrees in finance, portfolio management or related disciplines. A number of our investment professionals have MBAs from well-known business schools and/or may have or hold the designation "Chartered



Financial Analyst” (or “CFA”). NUKU expects to require these or similar qualifications of anyone who joins the portfolio management or research teams. See below.

### **Carson Cole**

*Founder, Chief Executive Officer and  
Chief Investment Officer*

425 Ericksen Avenue  
Suite 210  
Bainbridge Island, WA 98110  
Phone: (206) 596-2110



### **Educational Background and Business Experience:**

Carson Cole, 45, founded NUKU Inc. and has been in finance for over 20 years as an investment portfolio manager, head of research, and founded a prior company, DebtTraders Inc., a firm that specialized in high yield and distressed asset trading, with offices in New York, Chicago, London and Hong Kong.

Mr. Cole launched DebtTraders Inc. in 1999, and grew it to annual trading volume of nearly \$14 billion globally in high yielding and distressed debt securities, during a period in which this asset class had tremendous appeal to institutional investors. DebtTraders was recognized as a global leader in the identification and sourcing of attractive and difficult-to-find securities in a mostly illiquid market. DebtTraders had over 90 employees, operating 24 hours a day through all major financial markets in New York, Chicago, London and Hong Kong.

Prior to DebtTraders, Mr. Cole served as the Head of Asian Fixed-Income and High Yield Research at Bankers Trust in Hong Kong from 1996 to 1999 and at Union Bank of Switzerland (UBS) in Singapore from 1994 to 1996. From 1991 to 1994, Mr. Cole was a portfolio manager at Frole, Revy Investments in Los Angeles, and from 1989 to 1991, he was an analyst and portfolio manager at Colombia Savings & Loan, Beverly Hills, CA. Mr. Cole's focus over the years has been identifying and valuing securities with high risk-adjusted returns. Mr. Cole graduated from the Whittemore School of Business at the University of New Hampshire in 1989 and received the CFA (Chartered Financial Analyst) certification in 1993.

### **Supervision/Disciplinary History:**

All employees and officers report to Mr. Cole. Mr. Cole has no personal disciplinary history with any regulatory authority.

### **Outside Business:**

Mr. Cole may serve on the boards of companies from time to time.

**Claus Lund, Board Member**

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**Educational Background and Business Experience:**

Claus Lund, 61, has an extensive career in finance. He currently serves as a management consultant to Accedo Technologies and has previously served as a management consultant to a variety of finance-related business, including JustPrice, Prosper.com and Rex Mortgage. In 2008, he served as the Senior Vice President and Head of Consumer Capital Markets at M&T Bank. From 2003 to 2007, he co-founded a real estate investment trust, Belvedere Trust, and served as its Chief Executive Officer. He has also served in senior management roles at Broad, Inc., Bank of America where he was Executive Vice President of Mortgage Asset Management, and Provident where he was chief administrative officer, from 1985-2001. He served on the Board of Directors at Aegis and E-Loan between 2002 and 2008. Mr. Lund is a MBA graduate of UCLA and received a Master's degree from Stanford. He also received a degree from Copenhagen University.

**Supervision/Disciplinary History:**

Mr. Lund reports to Carson Cole. Mr. Cole's telephone number is (206) 596-2110. Mr. Lund has no disciplinary history with any regulatory authority.

**Outside Business:**

Mr. Lund may serve on unaffiliated boards and otherwise pursue outside business activities from time to time. He may do so only with the permission of Mr. Cole.

**Rob Dumas**

*Managing Director, Chief Development Officer*

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**Educational Background and Business Experience:**

Rob Dumas, 46, has 15 years of executive level experience, participating in the creation of several industry leading web properties, including Monster.com, Dice.com and numerous niche recruitment Internet websites. He joined Monsterboard.com in 1996 and in 1999 became Vice President of Sales in 1999, managing the transition to Monster.com. In 2001, Mr. Dumas was named Vice President, National Accounts for Dice.com, responsible for growth in field sales and launching advertising and agency sales channels. Dice later named Mr. Dumas, Vice President Global Corporate Development where he drove strategic direction, mergers and acquisition activity and corporate development relationships. Frequently called upon to participate in industry events, Mr. Dumas has also contributed to CNN, CNBC and NBC. Mr. Dumas is currently an active board member for JobOn and Internmatch.com, as well as an active advisor for Hirereach.net. He holds a BA in Marketing and a MBA from the University of Washington.

**Supervision and Disciplinary History:**

Mr. Dumas reports to Carson Cole. Mr. Cole's telephone number is (206) 596-2110. Mr. Dumas has no disciplinary history with any regulatory authority.

**Outside Business:**

Mr. Dumas may serve on unaffiliated boards and otherwise pursue outside business activities from time to time. He may do so only with the permission of Mr. Cole.

**David E. McClean**  
*Chief Compliance Officer*

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#### **Educational Background and Business Experience:**

Dr. David E. McClean, 51, has over twenty-five years of experience in securities industry operations and regulatory compliance, on both the buy and sell sides of the industry. He is the founding Principal of DMA Consulting Group ("DMA"), which he established in 1992. Over the years, David has helped to establish compliance and operations policies, procedures and systems for dozens of companies based in the US and abroad, including mutual funds, private equity funds, hedge funds, CDOs and CLOs, broker-dealers and a wide variety of investment advisors with various investment styles and strategies. He has experience with the financial services regulations of a number of different countries. David served or serves as CCO and in other capacities for such firms as Aladdin Capital Management, Van Eck Group, Pactual Capital, Sailfish Capital Partners, Capital Dynamics (Switzerland), and Bayerische Vereinsbank. He has several securities industry licenses: Series 7, 24, 27, 63, 82, 79, and 99. In addition, David teaches social and business ethics, among other courses, at Rutgers University and Molloy College, and has written and published articles on compliance and business. His latest published article is titled "Derivatives and the Financial Crisis: Ethics, Stewardship and Cultural Politics." He is also author of a book on Wall Street reform, to be published by Pickering & Chatto, London (forthcoming, 2015).

#### **Supervision and Disciplinary History:**

Mr. McClean reports to Carson Cole. Mr. Cole's telephone number is (206) 596-2110. Mr. McClean has not disciplinary history with any regulatory authority.

#### **Outside Business:**

Mr. McClean is Principal of DMA Consulting Group, a consultancy providing operational, business and regulatory advice and services to firms in the financial services industry. He may serve on unaffiliated boards and otherwise pursue outside business activities from time to time, serving as an officer or director with one or more of DMA's clients.

**Alex Vanderpol, JD**  
*Chief Operating Officer and  
Chief Legal Officer*

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### **Educational Background and Business Experience:**

Alex Vanderpol, 45, has been engaged in the legal profession and in business for twenty years. Most recently, he was General Counsel of Chint Solar (Zhejiang) Co., Ltd., headquartered in Wenzhou, China. There he handled M&A and Joint Venture initiatives. Prior to that he was General Counsel of Solarfun Power Holdings Co., Ltd., headquartered in Shanghai, China. Prior thereto, he was Head of Legal and Compliance (China), and had operational roles in business and legal compliance for ABN AMRO in Singapore. Alex joined Carson Cole at DebtTraders, in 1999, where he served as Managing Director and General Counsel. He studied political science at Calvin College (Grand Rapids, MI), earned a Master of Arts in International Relations from the University of Virginia, and earned his law degree from the University of California School of Law. Alex was admitted to the California State Bar in 1998. He business-fluent in Mandarin.

### **Supervision and Disciplinary History:**

Mr. Vanderpol reports to Carson Cole. Mr. Cole's telephone number is (206) 596-2110. Mr. Vanderpol has no disciplinary history with any regulatory authority.

### **Outside Business:**

Mr. Vanderpol may serve on unaffiliated boards and otherwise pursue outside business activities from time to time. He may do so only with the permission of Mr. Cole.

**Shouguan Lin***Senior Infrastructure Engineer*

NUKU Asset Inc.

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**Educational Background and Business Experience:**

Shouguan Lin, 45, has over fourteen years experience in the field of information technology. Mr. Lin has extensive experience in designing and managing systems, networks, databases, and software with focus on online operations. Most recently he served as network operations manager at Smilebox (now Perion). Smilebox is an online service providing mobile and desktop social photo and video sharing that lets consumers stay personally connected with family and friends. At Smilebox, he designed and built infrastructure from scratch and scaled it to servicing millions of customers. He was also the architect of the storage systems at Smilebox to scale horizontally at a fractional cost of systems offered by vendors. Mr. Lin developed automated product deployment tools, policies and processes to enable product deployment with minimum down time. Prior to Smilebox, he worked as IT manager at Sigrity (now Cadence). While at Sigrity he managed enterprise IT environments with multiple sites in different countries. He designed and implemented IPsec VPN connections and VOIP systems connecting sites. He also developed customer support portals and internal bug and wishlist tracking systems. He customized open source email systems to integrate email delivery systems in multiple sites. He also worked at Inovys (now Advantest) managing enterprise computing infrastructure and standardized PC system procurement and configuration as a part of final delivery of silicon test system. Prior to Inovys he worked as a consultant at Collective Technologies. While as a consultant he worked at Sprint, KLA Tencor, and others to provide technical leadership in 24x7 data centers. Shouguan Lin has an MS in Mechanical Engineering from Binghamton University, and a BS in Ocean Engineering from Shanghai Jiao Tong University.

**Outside Business:**

Mr. Lin may serve on unaffiliated boards and otherwise pursue outside business activities from time to time. He may do so only with the permission of Mr. Cole.

**Supervision and Disciplinary History:**

Mr. Lin reports to Carson Cole. Mr. Cole's telephone number is (206) 596-2110. Mr. Lin has

no disciplinary history with any regulatory authority.

**Outside Business:**

Mr. Lin may serve on unaffiliated boards and otherwise pursue outside business activities from time to time. He may do so only with the permission of Mr. Cole.

**For further information please contact:**

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*Chief Operating Officer*

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