



# SecondSight

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## Client Brochure

*This brochure provides information about the qualifications and business practices of SecondSight, Inc. For question, concerns, or further information please contact us at (408) 641-9513 or by email at: [support@secondsightco.com](mailto:support@secondsightco.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 SecondSight, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). SecondSight, Inc.'s CRD number is: 158360*

*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document provided to advisory clients as required by SEC Rules. This Brochure is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that previous brochures did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes.

Pursuant to new SEC Rules, we will ensure that Clients receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. Additional disclosure information about material changes will be updated and provided to Clients as necessary.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

SecondSight, Inc. (hereinafter SecondSight) is a web based advisory firm created on Jan 16, 2011. The firm is principally owned by Henry Ward.

### **B. Types of Advisory Services**

SecondSight offers a subscription-based Internet application that provides quantitative portfolio optimization services to registered users (hereinafter “Clients”). Clients elect to pay a monthly, quarterly, or annual subscription fee to access SecondSight software.

Upon the Client's login, SecondSight connects to the Client's brokerage or portfolio management system and uploads the Client portfolio. Using an interactive user interface, the Client is presented with quantitative optimization and analysis of the Client portfolio. Additionally, the Client receives stock, ETF, and mutual fund recommendations specific to their portfolio that improve its risk and reward characteristics. The Client can add and remove these recommendations to a model portfolio and see the risk and return changes to the existing portfolio. The Client can also add and remove stocks, ETFs, and mutuals that are not recommended to assess the impact of discretionary changes to the Client's portfolio.

Once the newly optimized portfolio is constructed to the Client's satisfaction, SecondSight creates the buy and sell orders required to implement the new portfolio from the existing portfolio. When the Client confirms the transactions, SecondSight sends the trade orders to the Client's brokerage or custodian resulting in the new portfolio for the Client.

SecondSight provides continuous monitoring of the Client's portfolio using automated and quantitative analysis of market changes that affect the Client's portfolio. The Client receives notifications by accessing the SecondSight software or subscribing to updates thru email, twitter, and cell phone text in the event of urgent concerns.

Clients have immediate access to the software upon registration. Clients may terminate the account at anytime and no further charges will be made to their bank or credit card.

### **C. Client Tailored Services and Client Imposed Restrictions**

SecondSight offers the same services to all its clients. However, portfolio optimization algorithms and asset recommendations are dependent upon the Client's portfolio, risk tolerance, and investment objectives.

### **D. Wrap Fee Programs**

SecondSight does not participate in any wrap fee programs.

### **E. Amounts Under Management**

SecondSight does not have discretionary or non-discretionary custody of client assets.

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

Clients may elect to pay a subscription fee of \$20 monthly, \$45 quarterly, or \$120 annually to access SecondSight online software.

### **B. Payment of Fees**

Online subscription fees are paid in advance, but never more than six months in advance. Monthly, quarterly, and annual subscribers who cancel during the subscribed period do not receive a pro-rated refund.

### **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by SecondSight.

### **D. Prepayment of Fees**

SecondSight collects fees in advance but never more than six months in advance.

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither SecondSight nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

SecondSight does not accept performance-based fees or other fees based on a share of capital gains or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

SecondSight generally provides investment advice to the following Types of Clients:

- ▶ Individuals
- ▶ High-Net-Worth Individuals

The minimum account size for SecondSight Clients is \$10,000.

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

### **A. Methods of Analysis and Investment Strategies**

SecondSight's methods are based on efficient frontier models and modern portfolio theory analysis. SecondSight calculates the shares to place the Client portfolio on the efficient frontier and then scans the universe of stocks, ETFs, and mutual funds to identify assets that improve the portfolio's efficient frontier. Continuous monitoring of the portfolio identifies when correlation and volatility changes require changes in asset allocation or rebalancing.

### **B. Material Risks Involved**

SecondSight uses stocks, ETFs, and mutual funds to capture market returns and risks. Frequent trading, when done, can affect investment performance through increased brokerage and other transactions costs and taxes.

### **C. Risks of Specific Securities Utilized**

SecondSight uses investment strategies that do not involve significant or unusual risk beyond that of domestic equities, international equities, investment grade bond funds, currency ETFs, and commodity ETFs.

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of SecondSight as an advisory firm or the integrity of its management.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither SecondSight nor its representatives are registered as a broker/dealer or as representatives or a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither SecondSight nor its representatives are registered as a FCM, CPO, or CTA.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither SecondSight nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

### **D. Selection of Other Advisors or Managers and How This Advisor is Compensated for Those Selections**

SecondSight does not utilize, select, or recommend other advisors or third party managers.

## **Item 11: Code of Ethics, Participation in Transactions, Personal Trading**

### **A. Code of Ethics**

SecondSight has a written Code of Ethics for employees and management. Clients may request a copy of the Code of Ethics from management.

### **B. Recommendations Involving Material Financial Interests**

SecondSight does not recommend that clients buy or sell any security in which a related person to SecondSight has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of SecondSight may buy or sell securities for themselves that they could also recommend to clients. SecondSight will always document any transactions that could be construed as conflicts of interest.

### **D. Trading Securities At or Around the Same Time as Clients' Securities**

From time to time, representatives of SecondSight may buy or sell securities for themselves at or around the same time as clients. This would be purely incidentally as SecondSight does not have authority over the timing of trades as that is determined solely by the Client.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Select Broker/Dealers**

SecondSight may require that clients establish brokerage accounts with supported Broker/Dealers if the Client does not already have an account with supported Broker/Dealers. However, any decision to custody assets with the supported Broker/Dealers is solely the Client's. Additionally, the Client is free to choose any supported Broker/Dealer with no material change in SecondSight service level or fee structure.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

SecondSight does not aggregate trade orders across Client accounts. All orders are executed by the Client for their individual account.

## **Item 13: Review of Accounts**

### **A. Frequency and Nature of Periodic Review and Who Makes Those Reviews**

Client accounts are reviewed daily by algorithmic and statistical tools that identify portfolio risks in each individual Client's portfolio. These algorithms are reviewed at least quarterly by the Compliance Office to ensure algorithms are up to date and correctly reflect the nature of current market risk.



## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Additional reviews may be triggered by material market, economic, or political events, or changes in client's financial situations.

## **C. Content and Frequency of Regular Reports Provided to Clients**

Subscribing Clients can choose the frequency of reports whether it be monthly, weekly, daily, and even intra-day as market changes have material impacts on Client portfolios.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients**

SecondSight does not receive any economic benefit, directly or indirectly from any third party for advice rendered to SecondSight clients.

### **B. Compensation to Non-Advisory Personnel for Client Referrals**

From time-to-time SecondSight will enter into joint marketing agreements with websites and other online financial resources for which SecondSight pays a referral fee for subscribers.

## **Item 15: Custody**

SecondSight does not take custody of client accounts at any time.

## **Item 16: Investment Discretion**

SecondSight does not have discretion over its Client accounts.

## **Item 17: Voting Client Securities (Proxy Voting)**

SecondSight will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

SecondSight does not require or solicit prepayment of more than \$1,200 in fees per Client six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Client Commitments**

Neither SecondSight nor its management have any financial conditions that are likely to reasonably impair SecondSight's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

Neither SecondSight nor its management have been the subject of a bankruptcy petition in the last ten years.

