



[www.incomeclub.co](http://www.incomeclub.co)

## **FIRM BROCHURE**

MARCH 9, 2016

***3162 Ross Road,  
Palo Alto, CA 94303  
Phone: (650) 843-9094  
Fax: (650) 843-9094***

This brochure provides information about the qualifications and business practices of IncomeClub, Inc. If you have any questions about the contents of this brochure, please contact us at (650) 843-9094 or [www.incomclub.co](http://www.incomclub.co).

IncomeClub, Inc. is a registered investment adviser. 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. 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 IncomeClub, Inc. is available on the SEC's website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for the adviser is 174826.

## **2. MATERIAL CHANGES**

IncomeClub, Inc. has no material changes to report since its inception.

## **TABLE OF CONTENTS**

<b>Item 2. Material Changes .....</b>	<b>2</b>
<b>Item 3. Table of Contents .....</b>	<b>3</b>
<b>Item 4. Advisory Business .....</b>	<b>4</b>
<b>Item 5. Fees and Compensation .....</b>	<b>6</b>
<b>Item 6. Performance-Based Fees and Side-By-Side Management .....</b>	<b>7</b>
<b>Item 7. Types of Clients .....</b>	<b>7</b>
<b>Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>8</b>
<b>Item 9. Disciplinary Information.....</b>	<b>10</b>
<b>Item 10. Other Financial Industry Activities and Affiliations.....</b>	<b>10</b>
<b>Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</b>	<b>10</b>
<b>Item 12. Brokerage Practices .....</b>	<b>11</b>
<b>Item 13. Review of Accounts .....</b>	<b>12</b>
<b>Item 14. Client Referrals and Other Compensation.....</b>	<b>13</b>
<b>Item 15. Custody .....</b>	<b>13</b>
<b>Item 16. Investment Discretion.....</b>	<b>14</b>
<b>Item 17. Voting Client Securities.....</b>	<b>14</b>
<b>Item 18. Financial Information.....</b>	<b>14</b>

#### **4. ADVISORY BUSINESS**

##### **A. OWNERSHIP/ADVISOR HISTORY**

IncomeClub, Inc. (“IncomeClub” or “we”) is an internet investment advisor that provides software-based portfolio management and investment advisory services for clients (“Clients”) exclusively through its interactive website (“Website”). It is a Delaware corporation that was formed in August 2014. Its owners are Sergey Sanko and Vladlen Kozlov. Information about IncomeClub’s ownership structure and directors are provided in Schedule A of Part 1A of IncomeClub’s Form ADV. It was registered as an investment adviser with the Securities and Exchange Commission in February 2015.

##### **B. ADVISORY SERVICES SUMMARY**

IncomeClub offers and considers ourselves to specialize in providing investment management and investment advisory services using a Dedicated Portfolio approach. This approach is based on the principle of building a portfolio that generates a predictable stream of future cash inflows, which match a client’s near-term cash flow needs. Fixed income securities over a pre-determined horizon are used to build a client portfolio.

Please to refer to Item 8- Method of Analysis, Investment Strategies and Risk of Loss for more information.

IncomeClub regularly publishes newsletters on its blog and social media pages that include a market overview and analysis regarding domestic and international bonds. The newsletter is provided for education purposes only and does not render advice on the basis of specific investment situations of any particular client. It is important to know that actual investment decisions made by IncomeClub and its affiliates will not necessarily reflect the views expressed in the newsletter as the firm’s portfolios are managed with a specific goal and risk tolerance in mind. IncomeClub has a fiduciary responsibility to its clients.

##### **C. TAILORED SERVICES AND INVESTMENT RESTRICTIONS**

IncomeClub’s software-based financial advisory service is tailored to the individual needs of each of our Clients, and subject to certain restrictions and account limitations prospective Investors should consider as described further below in Item 7. Accounts for Clients (“Client Accounts”) are opened and maintained according to a Client Account Agreement (“Account Agreement”) which describes the discretionary authority that a Client grants IncomeClub.

IncomeClub’s clients take an online questionnaire that measures their risk tolerance and investment objectives. It also gathers other information about the client such as investment experience, household income, age, investable assets, etc. Depending on a client’s answers and consistency of replies, we assign each client a risk tolerance score that is used to generate an individually tailored bond “Recommended Listing” and formulate an investment portfolio allocation model.

IncomeClub provides advice and structures investment models mostly using fixed income securities denominated in US dollars, such as the US and foreign government bonds, US and foreign municipal bonds, US and foreign corporate bonds and convertible debentures. In some cases, IncomeClub uses bond's ETFs, capital trust and preferred securities, certificates of deposit, dividend equities and REITs.

We do not provide advice on the majority of common equities, mutual funds, warrants, commercial papers, options contracts, futures contracts, variable annuities, variable life insurance, interests in limited partnerships and other unregistered securities.

IncomeClub selects bonds with an attractive yield/default profile and short to medium term maturity and lists these bonds on its website in a protected listing module. We assume that broad selection of bonds taken to the platform covers all possible investment goals and risk tolerance of our clients.

Clients grant IncomeClub various limited discretionary authorities to manage Clients' Accounts, established and owned at Custodian by Clients, in accordance with Clients' investment objectives through the purchase, sale, exchange, redemption, conversion, or other disposition of investments, income, or proceeds deposited and held in the Clients' Accounts. If required by the Broker, the Custodian, or another third-party service providers for Clients' Accounts, as identified below, Clients agree to provide the IncomeClub with a limited power of attorney to evidence IncomeClub's discretionary authority over Clients' Accounts. Clients can retain IncomeClub for the following services:

**a. Recommended Listing Service.**

An individually tailored Recommended Listing that suite to personal risk profile will be offered to a Client. A Client will have authority to peruse all securities on the IncomeClub's platform. A Client will manually select securities from IncomeClub's platform and submit commitments to purchase. A Client will retain the right to make a decision to sell the securities which are held on his account. When securities are selected a Client grants IncomeClub limited discretionary authority to choose price and time to purchase or sell these securities. IncomeClub will issue trading instructions to the Custodian to cause a client's account, to purchase or sell selected securities.

**b. Self-Invest Service.**

Self-Invest is a semi- automated service whereas IncomeClub constructs a Client's investment portfolio allocation model. After a portfolio is set for the execution, the IncomeClub will run an inventory and check client's cash on a continuous basis, and offers specific securities and quantities that suit the Client's investment portfolio allocation model. A Client will review securities, and manually selects particular securities and submits commitments to purchase. A Client will retain the right to make a decision to sell the securities which are held on his account. When securities are selected a Client grants IncomeClub limited discretionary authority to choose price and time to purchase or sell these

securities. IncomeClub will issue trading instructions to the Custodian to cause a client's account to purchase or sell selected securities.

#### **c. Auto-Invest Service**

Auto-Invest is a fully automated service whereas IncomeClub constructs a Client's investment portfolio allocation model. After a portfolio is set for the execution, the IncomeClub will run the inventory and check a Client's cash on a continuous basis, and selects specific securities and quantities that suit a Client's investment portfolio allocation model. The IncomeClub will retain the right to make a decision to sell specific securities which are held on a Client's account. A Client grants IncomeClub limited discretionary authority to choose securities, size, and price and time to purchase or sell these securities. IncomeClub will issue trading instructions to the Custodian to cause the Client's account to purchase or sell selected securities.

Investment recommendations and advice offered by IncomeClub do not constitute legal or accounting advice. Therefore, clients should discuss the impact of investment advice with their attorney and accountant. Clients should understand that it is necessary to update promptly any information related to change in their financial situation, investment goals, and objectives. Failure to update IncomeClub of any these changes could result in investment recommendations that do not meet a client's needs.

#### **D. WRAP PROGRAM**

IncomeClub does not sponsor or participate in any wrap fee programs.

#### **E. CLIENT ASSETS MANAGED**

Being a newly formed investment adviser, IncomeClub manages only \$10,000 on a discretionary basis.

### **5. FEES AND COMPENSATION**

#### **A. ADVISORY FEES**

IncomeClub is compensated for its investment advisory and portfolio management services by charging a fee based on the net market value of a Client's account. IncomeClub charges an annualized fee of 0.25% on a Client's assets under management. Cash balances and investments in money market funds and certificates of deposit are covered by the account and are included in the fee calculations.

Annual fees are charged on a monthly basis as explained below. IncomeClub's fees are calculated on a continuous basis. The fees are based on the custodian-reported net market value of the Client's account as of the end of each trading day. IncomeClub calculates a daily advisory fee for each trading day, which is equal to the fee's rate multiplied by the net market value of the Client's Account for that day and then divided by 252. The advisory fee for a calendar month is equal to the total of the daily fees calculated during that month for every trading day (less any deductions

or fee waivers) and is deducted from Client Accounts no later than the fifth business day of the following month by a custodian.

IncomeClub has the right, in its sole discretion, to negotiate, reduce or waive the advisory fee for certain Client Accounts for any period determined by IncomeClub.

#### B. OTHER ACCOUNT FEES

IncomeClub is a “fee-only” investment advisor. Neither the firm nor its employees receive or accept any direct or indirect compensation related to securities that are purchased or sold for Client Accounts other than its advisory fee described above. This means that Clients will not be sold products or services that create additional fees or compensation to benefit IncomeClub or its employees or its affiliates other than those described in this Brochure and on the Website. IncomeClub’s fee is exclusive of brokerage commissions, transaction fees, minimum account activities fees, funds withdraw/deposit fees, custodian fees and other related costs and expenses that may be incurred by the client.

Clients are advised to read each broker's and custodian's fee schedules carefully. Mutual funds and exchange-traded funds charge internal management fees, which are disclosed in a fund’s prospectus. IncomeClub does not receive any portion of these commissions, fees, or costs.

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

#### C. TERMINATION OF SERVICES

A client may terminate any services or withdraw all or part of an Account for any reason at any time. Upon notice of termination, any fees will be pro-rated for the number of days that services were rendered during the termination month. In the case of termination or withdrawal, unless otherwise directed by the Client, IncomeClub will sell the securities in the Client Account (or a portion of the Account, in the case of a partial withdrawal) at market prices at the time of the termination or withdrawal.

### **6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

IncomeClub does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client) nor does it not provide side-by-side management. This section is not applicable.

### **7. TYPES OF CLIENTS**

IncomeClub’s services are offered to individuals, trusts, corporations and other business entities. IncomeClub requires a minimum account size of \$5,000. Our online automated investment advisory and portfolio management services make it possible for retail investors to access

sophisticated services and build a portfolio of individual bonds with much lower account minimums than normally available in the industry.

Investors who make a decision to use IncomeClub's investment advisory service should be aware that IncomeClub's collaboration with Clients is likely to be different from the "traditional" investment advisor relationship.

IncomeClub is a software-based online investment advisor, which means that each Client must acknowledge his or her ability and willingness to conduct his or her relationship with IncomeClub on an electronic basis. Under the terms of the Account Agreement, each Client agrees to receive all Account information, Account documents, this Brochure, and any updates or changes to same, through his or her access to the Website and IncomeClub's electronic communications. Unless noted otherwise on the Website or within this Brochure, IncomeClub's investment advisory and portfolio management services, the signature for the Account Agreement, and all documentation related to the advisory services are managed electronically.

IncomeClub's software based investment advisory services and portfolio management includes preselected bonds and other securities. IncomeClub does not allow Clients to request to buy securities that are not preselected by IncomeClub. Investors with specific restrictions are not permitted to become Clients.

## **8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

IncomeClub primarily uses an Asset Class-based method to investment analysis. Asset Class-based analysis is a method of evaluating assets based on their type (stocks, bonds, commodities, REITs), size (market capitalization) and style (value or growth). In other words, portfolios are constructed based on the long-term expected return characteristics of the underlying asset class. Each asset class is broadly diversified to reduce risks associated with individual issues. Asset classes are over or underweighted relative to the broad market to adjust the long-term return characteristics of the portfolio. The risk associated with asset class-based analysis is that it is somewhat subjective. Over or underweighting relative to the broad market will lead to performance deviation from the broad market. Our chosen asset class weighting may be wrong, and could, therefore, lead to an unfavorable investment decision.

IncomeClub utilizes "Dedicated Portfolio" and "Compound Interest" approaches as two core investment strategies. "Dedicated Portfolio" approach is suitable for the income investors, who need stable and predictable income. "Compound Interest" approach is main investment approach for conservative investors, who would like to grow their capital using conservative investment instruments, such as bonds.

The "Dedicated Portfolio" approach is based on principals of the Dedicated Portfolio Theory, which deals with the characteristics and features of a portfolio built to generate a predictable stream of future cash inflows. This is achieved by purchasing fixed income securities (Bonds or



Certificates of Deposit) that usually are held to maturity to generate this predictable stream from the coupon interest and the repayment of the par value of each bond when it matures. The goal is for the stream of cash inflows to exactly match the timing (and dollars) of a predictable stream of cash outflows due to future liabilities. For this reason, it is sometimes called cash matching, or liability-driven investing.

Albert Einstein called “Compound Interest” the “Greatest mathematical discovery of all time.” The wonder of compounding approach (“compound interest”) transforms working money into a state-of-the-art, highly powerful income-generating tool. Compounding is the process of generating earnings on an asset's reinvested earnings. To work, it requires two things: the re-investment of earnings and time. The more time investors give their investments, the more they can accelerate the income potential of their original investment, which takes the pressure off them.

IncomeClub uses bond’s “Ladder Strategy” to build clients’ portfolios utilizing one of the above approaches. The purpose of purchasing several bonds with different maturity dates is to minimize interest-rate risk and to increase liquidity. In a bond ladder, the bonds' maturity dates are evenly spaced across several months or several years so that the bonds are maturing and the proceeds are being reinvested at regular intervals.

Our investment approach is long-term in nature, meaning that clients should expect to hold securities for at least two to five years, and typically much longer.

## B. INVESTMENT RISKS

All investments bear different types and degrees of risk and **investing in securities involves risk of loss that clients should be prepared to bear.** While IncomeClub recommends various securities that are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Recommended investment advice and investment portfolio allocation models seek to balance risks and rewards to achieve investment objectives. Clients need to ask questions about risks they do not understand. IncomeClub would be pleased to discuss them.

IncomeClub strives to render its best judgment on behalf of its clients. Despite using conservative securities (bonds) to build clients' portfolios, IncomeClub cannot assure or guarantee clients that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration for any investment or investment advisor but is not a reliable predictor of future performance. IncomeClub continuously strives to provide outstanding long-term investment performance, but many economic and market variables beyond its control can affect the performance of an investment portfolio. A client should expect his or her account value to fluctuate within a wide range, like the fluctuations of the overall bond markets.

The following risks are primarily associated with using “Dedicated Portfolio” and “Compound Interest” approaches:

- **Market risk** where the portfolio needs to be liquidated at a point when interest rates have risen, causing prices to fall for the bond portion of the portfolio
- **Planning risk** where the actual cash flows needed by the client exceed the cash flows planned in the portfolio, which can lead to unsustainable withdrawal rates and may expose the portfolio to market risk as described above
- **Default risk** in portfolios built with corporate or municipal bonds, and foreign governments
- **Callable risk** in portfolios that include callable corporate bonds, which could be called earlier than maturity and provide unplanned cash flow.
- **Reinvestment risk** because if bonds are called or when they mature, rising interest rates might cause the proceeds to be reinvested in the same quality of bonds but with lower interest rate.
- **Liquidity Risk** where some corporate and municipal bonds are traded with scant liquidity and wide spreads, and attempt to sell such bonds will cause in many cases a capital loss.
- **Manager risk** where the chance that poor security selection will cause a managed portfolio to underperform to relevant benchmarks or other securities products with similar investment objectives.
- **International Investing Risk** where investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments

## 9. DISCIPLINARY INFORMATION

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of it or the integrity of its management. IncomeClub has not been the subject of any administrative, arbitration, civil, self-regulatory organization or criminal proceeding.

## 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

IncomeClub, its officers and investment adviser representatives do not have any other industry activities or affiliations.

## 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### A. DESCRIPTION

IncomeClub's Code of Ethics establishes ideas for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. IncomeClub will provide a copy of its Code of Ethics to any client or prospective client upon request.

IncomeClub's Code of Ethics covers all supervised persons, and it describes its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor

mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at the firm must acknowledge the terms of the Code of Ethics annually, or as amended.

#### B. MATERIAL INTEREST IN SECURITIES

IncomeClub and its owners and investment adviser representatives do not have a material financial interest in any securities.

#### C. INVESTING IN OR RECOMMENDING THE SAME SECURITIES

IncomeClub's Directors, Investment Advisor Representatives, and other Access Persons may personally invest in securities recommended for IncomeClub's clients; specifically, the Bonds included in the platform's Listings. Transactions in Bonds recommended on the Website have been pre-approved for trading by IncomeClub's Chief Compliance Officer. However, this causes a conflict of interest because the Access Persons can place orders ahead of client orders. IncomeClub mitigates that conflict of interest by placing client transactions ahead of personal trades or including them in a block trade. IncomeClub is aware of its fiduciary duty to its clients and the prohibitions against the use of any insider information. IncomeClub reviews and maintains records of all Access Persons proprietary trading activities and investigates any unusual patterns it detects. IncomeClub requires all Access Persons to report any violations of Code of Ethics promptly to IncomeClub's Chief Compliance Officer.

### **12. BROKERAGE PRACTICES**

#### A. RECOMMENDATION CRITERIA

IncomeClub partners with Interactive Broker, LLC ("IB") as the custodian and broker/dealer for its client accounts, which serves as a custodian for IncomeClub's clients and for which Interactive Brokers, LLC serves as a broker/dealer.

IncomeClub recognizes its fiduciary responsibility in negotiating brokerage commissions, assuring best execution practices and assuring adequate investment availability/inventory on behalf of its clients. IncomeClub recommends the use of Interactive Brokers because of their low commissions, superior technology, low margin rates, strong financial position, and they are self-clearing firms as well as custodians.

With the use of an independent broker-dealer, the client will incur a ticket charge or sales commission for the sale or purchase of securities. IncomeClub does not receive any portion of the ticket charge or sales commission.

#### i. RESEARCH AND SOFT DOLLAR BENEFITS

"Soft dollars" are defined as a form of payment investment firms can use to pay for goods and services such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. IncomeClub does not receive any soft dollars.

ii. BROKERAGE FOR CLIENT REFERRALS

IncomeClub does not receive client referrals or any other incentives.

iii. DIRECTED BROKERAGE

Some clients may direct IncomeClub to a specific broker/dealer to execute securities transactions for their accounts. When so directed, IncomeClub may not be able to negotiate lower brokerage commissions effectively or achieve the best execution on the client's transactions. This can result in substantially higher fees, charges or dealer concessions in one or more transactions for the client's account because the firm cannot negotiate favorable prices. Also, IncomeClub's software is integrated with designated broker/dealer's software for fast orders, executions, accounts management and reporting. For these reasons, we will refuse any direction to a specific broker/dealer.

B. TRADING PRACTICES

Transactions for each client account generally will be effected independently, unless IncomeClub decides to purchase or sell the same securities for several clients at approximately the same time. IncomeClub may, but is not obligated to, combine or "batch" such orders to obtain the best execution or to allocate equitably among the firm's clients differences in prices and commissions or other transaction costs that might have been obtained had the orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients' accounts in proportion to the purchase and sale orders placed for each account on any given day. To the extent that IncomeClub determines to aggregate client orders for the purchase or sale of securities, including securities in which the firm's principal(s) and/or associated person(s) may invest, the firm shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, SMC Capital, Inc. IncomeClub will not receive any additional compensation or remuneration as a result of the aggregation.

**13. REVIEW OF ACCOUNTS**

A. PERIODIC REVIEWS

IncomeClub provides all Clients with continuous access via the Website to real-time reporting information about account holdings and balances. Clients may also receive periodic e-mail communications describing portfolio performance, account information, and product features.

IncomeClub reviews each Client's Account when it is opened and continuously monitors each Client's portfolio to seek to maintain a Client's targeted risk tolerance and optimal return for the Client's risk level. IncomeClub also conducts reviews when material changes may have occurred to a Client's portfolio or investment objectives.

IncomeClub requests that Clients reconfirm the profile information they previously provided on an annual basis. These notifications and confirmations include a link to the Client's current information and contact information for the IncomeClub's support team. Currently, the IncomeClub team member whose tasks include supervising, arranging and responding to these

notifications, confirmations and reviews is the Chief Compliance Officer, with help from Client Services.

IncomeClub's Chief Compliance Officer reviews client accounts on a quarterly basis

#### **B. OTHER REVIEWS**

Additional reviews are conducted periodically depending on market conditions, economic or political events, or by changes in a client's financial situation (such as retirement, termination of employment, physical move or inheritance). Any changes in a client's financial situation, goals, or risk tolerance may also affect the current strategy guiding a client's portfolio and other investments. Clients are urged to notify their investment adviser representative of any such change at their earliest convenience.

#### **C. REPORTS**

Clients receive monthly statements from their custodian. IncomeClub urges clients to review these statements carefully.

### **14. CLIENT REFERRALS AND OTHER COMPENSATION**

IncomeClub does not receive extra compensation or any other economic benefit for providing investment advice or other advisory services to clients.

IncomeClub can from time to time to run promotional campaigns to attract Clients to open Accounts with IncomeClub. These actions may include additional Account services or products offered on a limited basis to select Clients, more favorable fee arrangements, and reduced or waived advisory fees for Clients. These arrangements may create an incentive for a third party or other existing Client to refer prospective Clients to IncomeClub, even if the third party would otherwise not make the referral. These arrangements may also create a conflict of interest for a Client to maintain a certain level of assets managed through IncomeClub if doing so would result in eligibility to receive an incentive, bonus or additional compensation.

IncomeClub may also pay pre-determined fees to third parties for driving new users to IncomeClub, which may be in the form of so-called CPM (cost per impressions), CPC (cost per click or CPA (cost per acquisition) arrangements.

If IncomeClub makes a decision in the future to pay or compensate a third-party for Client referrals, IncomeClub will disclose this practice in writing to the Client and comply with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, to the extent required by applicable law.

### **15. CUSTODY**

All client funds, securities, and accounts are held by an unaffiliated third-party. IncomeClub does not take possession of a client's securities. Clients should receive at least quarterly statements (although monthly is common) from the broker/dealer, bank or others qualified custodians that

hold and maintain the client's investment assets. IncomeClub urges each client to review such statements carefully.

## **16. INVESTMENT DISCRETION**

IncomeClub requires that an Account Agreement is completed by a Client, who decides to retain IncomeClub as an investment advisor.

Under the terms of the Account Agreement for discretionary investment portfolio management service, IncomeClub is granted full discretionary trading and investment authority over the Client's assets held with the custodian. This means that IncomeClub is given full authority under a power of attorney arrangement to select the price, timing, size, and identity of securities to buy and sell for the Client.

Under the terms of the Account Agreement for non-discretionary investment advisory service, IncomeClub assumes limited discretionary trading and investment authority over the Client's assets held with the custodian. This means that the Client identifies securities and their size to buy or sell, and IncomeClub is given only authority to select the timing and price of order execution.

## **17. VOTING CLIENT SECURITIES**

IncomeClub does not accept authority to vote client securities. Clients retain the right to vote all proxies that are solicited for securities held in the account. Clients will receive proxies or other solicitations from the custodian of assets. If clients have questions regarding the solicitation, they should contact IncomeClub or the contact person that the issuer identifies in the proxy materials. In addition, IncomeClub does not accept authority to take action with respect to legal proceedings relating to securities held in the account.

## **18. FINANCIAL INFORMATION**

Registered investment advisors are required in this Item to provide clients with certain financial information or disclosures about our financial condition. Because of IncomeClub's business model, it does not have to produce a balance sheet or other financial information. Also, IncomeClub has no financial commitment that impairs its ability to service its clients. Finally, it has not been the subject of a bankruptcy proceeding.

# **Sergey Sanko**

## **ADV Part 2B – Supplemental Brochure**

March 9, 2016

***IncomeClub, Inc.***  
***3162 Ross Road***  
***Palo Alto, CA 94303***  
***Phone: (650) 843-9094***  
***Fax: (650) 843-9094***  
***[www.incomeclub.co](http://www.incomeclub.co)***  
***smsanko@incomeclub.co***

This Brochure Supplement provides information about Sergey Sanko that supplements the IncomeClub, Inc.'s Brochure. You should have received a copy of that Brochure. Please contact Sergey Sanko at (650) 843-9094 if you did not receive IncomeClub, Inc.'s Brochure or if you have any questions about the contents of this supplement.

Additional information about Sergey Sanko is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Sergey Sanko, Born 1969**

**EDUCATION**

MBA, University of Antwerp Management School, 2001

BS/MS, Moscow Mining University, 1993

**BUSINESS BACKGROUND:**

2015-present President, IncomeClub, Inc.

2012-2015 VP-Business Development, Russo Investments LTD

2012-2013 Senior Investment Advisor, Shoreline Brokers

2009-2012 Investment Advisor, Canaccord Wealth Management

2009-2009 Financial Advisor, Raymond James LTD

2007-2009 President & CEO, Russo Investments LTD

2003-2007 President & CEO, R2-Trend (RUS) LTD

**DISCIPLINARY HISTORY**

None

**OTHER BUSINESS ACTIVITIES**

None

**ADDITIONAL COMPENSATION**

None

**SUPERVISION**

Mr. Sanko serves as the President of IncomeClub, Inc. and as such is not a subject of additional supervision.