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Wrap Fee Program Brochure

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This wrap fee program brochure provides information about the qualifications and business practices of Kaizenvest, LLC dba Vault (hereinafter “Vault”). If you have any questions about the contents of this brochure, please contact us at support@getvault.com or at (800) 279-1455. 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 Vault also is available on the SEC’s website at www.adviserinfo.sec.gov

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SERVICES, FEES, AND COMPENSATION

INTRODUCTION

Vault, a limited liability company organized under Oregon Law, is a Securities and Exchange Commission (SEC) Registered Investment Advisor. Vault provides automated investment management services to its clients. Vault is a sponsor of the Vault Wrap Fee Program. If you have any questions regarding the material contained in this brochure, contact us at support@getvault.com or at (800) 279-1455.

SUMMARY OF ADVISORY SERVICES

Vault offers individual retirement accounts to employees of small and medium sized businesses, self-employed individuals, and independent contractors to save for retirement. Vault provides a simple solution for individuals to establish retirement accounts and make regular contributions. It also allows employers the ability to make contributions on behalf of their employees and encourage them to save for retirement. Vault interacts with customers through Vault's website. Vault does not provide investment advice in person, over the phone, in live chat, or in any other manner other than through the advisory services on the website. This Wrap Fee Brochure is meant to help you understand the nature of the advisory services offered by Vault.

Vault manages assets as part of the Vault Wrap Fee Program. A wrap fee program is a common alternative to a typical advisory fee structure that provides clients with advisory and brokerage services for one all-inclusive bundled fee with no additional account activity charges. As such, Vault charges clients a single bundled fee that covers the investment advisory services it provides, as well as the brokerage and custodial services.

FEES

Vault clients pay an all-inclusive management fee of 0.50% per annum based on the client's total assets under management (AUM). The fee is not negotiable and includes, advisory services, trading commission, custody of assets, clearing and execution, and account reporting.

Fees due shall be calculated by multiplying the Advisory Fee by the net market value of the Account as of the close of trading on the New York Stock Exchange ("NYSE") (herein, "close of markets") on such day, or as of the close of markets on the immediately preceding trading day for any day when the NYSE is closed, and then by dividing by 365 (except in any leap year, during which year the amount shall be divided by 366). Except as provided below, the fees due for each calendar month (consisting of the aggregate of the daily fee for each day in that calendar month) shall be due and payable in arrears no later than the tenth business day of the immediately following calendar month.

Clients should consider that, depending on the frequency of trading activities and the value of all bundled services (i.e. advisory services, trading commissions, custody of assets, clearing and execution, and account reporting) the wrap fee may or may not exceed the total cost of these services if provided separately.

ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

Vault is open to all individuals and families who are U.S. residents and maintain a checking account with a U.S. bank. There is no minimum account size. The minimum to account opening deposit is \$10.

PORTFOLIO MANAGER SELECTION AND EVALUATION

Client portfolios are directly managed by Vault. Vault's Investment Committee serves as the Portfolio Manager and is not subject to the same evaluation criteria as a third-party manager. The Vault Wrap Fee Program is the only program offered by Vault.

INVESTMENT METHODOLOGY

Vault utilizes software to automate the implementation and ongoing management of client's investment portfolios. Vault employs Nobel Prize winning Modern Portfolio Theory (MPT), which seeks to maximize investment returns through asset allocation and global diversification, while maintaining a particular level of risk aversion. Traditionally MPT was only available to wealthy investors; clients are typically charged annual management fees in excess of 1%. However, software has enabled Vault to provide the same MPT investment methodology to all clients regardless of the size of their portfolio and we do so at a fraction of the cost.

There are many factors that go into employing MPT accurately. Portfolio construction is a tedious and cumbersome process that requires back-testing and significant quantitative research. Below are the key factors and steps that Vault takes to employ MPT.

1. One of the most important factors is for Vault to determine a client's appropriate risk tolerance level. This is personalized to each client based on goals, timeframe, and risk aversion. Clients answer a series of questions, then Vault employs sophisticated and proprietary risk assessment algorithms to derive the appropriate risk level based on client's investment objective and risk aversion.
2. Another important step in building investment portfolios is to determine what type of investment instruments are best suited. Vault uses Exchange Traded Funds (ETFs), because of their efficiency, low-cost, and liquidity. ETFs are a simple and passive way to gain exposure to an asset class. ETFs are passive in that they seek to track an index; there is not a fund manager charging a fee to try and beat the index. Research points to the fact that passive investing outperforms active management approximately 86% of the time. Vault analyzes the over 1,000 different ETFs based on cost, liquidity, and tracking error to their respective index. We constantly review new ETFs that come to market and frequently review the existing ETFs to ensure that they remain the most viable option for our clients.
3. Vault uses Mean Variance Optimization (MVO) to rigorously evaluate every possible combination of the different asset classes to determine the ideal mix of asset classes that will provide the maximum expected return for each given level of risk. The inputs of MVO are expected return and volatility of each asset class and the covariance among asset classes. Vault uses the Black-Litterman Model, which is a mathematical formula developed in 1990 at Goldman Sachs by Fischer Black and Robert Litterman, to determine the vector of expected returns for each asset class, which is then input into the MVO.

4. We use two different portfolios for tax-efficiency; one being taxable (non-IRA) and the other being IRA (Individual Retirement Account). We evaluate the tax implications of different asset classes and choose, which ones to include or omit within taxable and IRA accounts.
5. Rebalancing is a very important step in the investment management process. It's imperative to constantly monitor investment portfolios for drift. Drift is the concept that, over time, asset classes yield different returns, therefore the portfolio allocation changes. The problem with drift is that it changes the risk profile. Therefore, to capture the portfolio's original risk-return characteristics, the portfolio must be rebalanced. At Vault, we monitor our client's portfolios on a daily basis and rebalance when necessary.
6. Periodically we reach out to our clients to see if there have been any life changes that alter either their risk tolerance profile or overall financial situation; in which case, we make appropriate recommendations based on the new information.

CLIENT INFORMATION WITH PORTFOLIO MANAGERS

CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

No client information is shared with third-party portfolios managers, because Vault directly manages client portfolios.

CLIENT CONTACT WITH PORTFOLIO MANAGERS

Clients may contact Vault by calling our office during business hours or via email at any time.

ADDITIONAL INFORMATION

DISCIPLINARY HISTORY

Vault has never been the subject of disciplinary events or actions by regulators.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Vault does not have other financial industry activities and affiliations.

CODE OF ETHICS

INTRODUCTION

Rule 204A-1 under the Investment Advisers Act of 1940 ("Advisers Act") requires all investment advisors registered with the Securities and Exchange Commission ("SEC") to adopt codes of ethics that set forth standards of conduct and require compliance with federal securities laws. Vault is an investment advisor registered with the SEC with respect to various investment advisor products and services. To this end, Vault has adopted a code of ethics ("Advisor Code"). Vault's Advisor Code is detailed in a Statement of Policies and Procedures within Vault's Compliance Manual ("Compliance Manual")*, which set forth the standards of business conduct that are required of employees of Vault.

This Advisor Code applies to all Vault employees and any individual registered with Vault as an Investment Advisor Representative ("IAR") as 'Supervised Persons' under the Advisers Act Rules. The Advisers Act defines "Supervised Person" to mean any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment advisor, or other person who provides investment advice on behalf of the investment advisor and is subject to the supervision and control of the investment advisor.

This Advisor Code is intended to reflect fiduciary principles that govern the conduct of Vault and its Supervised Persons in those situations where Vault acts as an investment advisor as defined under the Advisers Act in providing investment advice to clients ("advisory clients").

PARTICIPATION IN CLIENT TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST

Vault permits supervised persons to maintain personal securities accounts or holdings at Vault and other financial institutions. Holdings include those securities in which a supervised person has any direct or indirect beneficial ownership (including a trust) and may include securities identical to or different than those recommended to clients by Vault. A supervised person is considered to be the beneficial owner of an account in which he or she has any financial interest or ability to exercise control, and of any account belonging to immediate family members (including any relative by blood or marriage) sharing the covered person's household. Supervised persons must notify the Chief Compliance Officer, and receive prior written approval for, opening accounts or holding personal securities at financial institutions other than Vault. Every supervised person that does not permit their custodian(s) to copy Vault on reporting statements, transaction confirms etc., shall provide initial and annual holdings reports and quarterly transaction reports to the Chief Compliance Officer which must contain the information described below.

Supervised persons may not buy or sell any security prior to a pending transaction being executed for Vault advisory clients.

REVIEW OF ACCOUNTS

Vault monitors accounts on a daily basis for rebalancing purposes. Vault performs non-periodic account reviews on an individual basis when necessary and triggered by certain account activity. Vault periodically reviews with the client if life changes have occurred that require updated investment recommendations.

CLIENT REFERRALS AND COMPENSATIONS

Existing clients are offered incentives for referring potential clients. New clients are made aware of such incentives prior to opening account. New clients are in no way charged extra fees to compensate for the incentives rewarded to the referring client.

CONFLICTS OF INTEREST

As a registered adviser, and as a fiduciary to our advisory clients, Vault and its supervisory persons have a duty of loyalty and to always act in utmost good faith, place our clients' interests first and foremost and to make full and fair disclosure of all material facts and in particular, information as to any potential and/or actual conflicts of interests.

ACKNOWLEDGEMENT OF RECEIPT OF CODE

New employees receive the Code of Ethics and the Compliance Officer annually distributes the current Code of Ethics to all supervised persons. Each supervised person must acknowledge receipt of the Firm's Code of Ethics annually and return a signed acknowledgement/certification form to the Compliance Officer.

VIOLATIONS OF THE CODE

Any violation or noncompliance with the Code must be immediately reported to the chief compliance officer and to the Legal Department. Examples include non-compliance with applicable rules and regulations, fraud, or illegal acts involving any aspect of the firm's business, material misstatements in client records or reports or any activity that is harmful to clients. Any violation of the Code may result in disciplinary action including but not limited to warnings, fines, disgorgement, suspension, demotion or termination of employment or licensing.

FINANCIAL INFORMATION

Vault is required to disclose any financial conditions that may impair the likelihood to meet contractual agreements with clients. Vault is not exposed to any financial impairments.