

# Openfolio LLC

## Form ADV Part 2A – Disclosure Brochure

**Effective: August 25, 2016**

This Disclosure Brochure provides information about the qualifications and business practices of Openfolio LLC (“Openfolio”). If you have any questions about the contents of this Disclosure Brochure, please contact us at via our website at <http://openfolio.com>.

Openfolio is a Registered Investment Advisor with the U.S. Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information through Openfolio to assist you in determining whether to retain the Advisor.

Additional information about Openfolio and its advisory persons are available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). To review the firm information for Openfolio, you may search by our business name or by our CRD # 226607.

### Item 2 – Material Changes

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Openfolio believes that communication and transparency are the foundation of its relationship with Clients and will continually strive to provide its Clients with complete and accurate information at all times. Openfolio encourages all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

#### Material Changes

There have been no material changes to this Disclosure Brochure since the last distribution to Clients.

#### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of Openfolio.

At any time, you may view the current Disclosure Brochure on-line at the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). To review the firm information for Openfolio, you may search by our business name or by our CRD # 226607. You may also request a copy of this Disclosure Brochure at any time, by contacting us via our website at <http://openfolio.com>.

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## Item 4 – Advisory Services

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

Openfolio LLC (“Openfolio” or the “Advisor”) is a Registered Investment Advisor with the U.S. Securities and Exchange Commission (“SEC”) conducting business as an “Internet-only” advisor pursuant to Section 203A-2(e) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Openfolio is organized as a Limited Liability Company (“LLC”) under the laws of the State of Delaware. Openfolio was founded in May 2015 as a wholly-owned subsidiary of Openfolio, Corp. Openfolio is primarily operated by Hart Lambur. This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by Openfolio.

### **B. General Description of Advisory Services**

Openfolio provides an online advisory platform for visitors of its website at <http://openfolio.com> and through its mobile iOS application. Visitors of the website and app (herein “Users”) have access to online financial tools, calculators and educational materials. Users of the website may also opt to become investment advisory clients of one of Openfolio's third party investment advisory partners by entering into an investment advisory agreement with that third party. Users who opt into third party investment advisory services are herein referred to as a “Client.”

Openfolio uses proprietary analytics and data that it acquires from its users:

- to demonstrate how a user's portfolio performance compares to its various peer groups over multiple time periods
- to demonstrate asset class comparison between a user and its various peer groups
- to demonstrate the return attribution of a user's portfolio over multiple time periods

Openfolio clients and users do not pay Openfolio to receive these services. Openfolio may, and often will, receive compensation from some third party investment advisers to which it refers clients. In accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities, any such referral fees shall be paid solely from the third party investment management fees and shall not result in any additional charge to the client.

### **C. Tailored Services and Investment Restrictions**

Openfolio tailors services to the individual needs of the client as all data comparisons are based on actual information entered manually by the client or from the client's account data provided by our third party data provider. Based on this information, Openfolio recommends certain services or products based on what would best serve the client. Openfolio selects third party investment advisors based on due diligence into their fees, services, and quality of advisors. Any Openfolio client referred to a third party investment advisor by Openfolio receives, and will receive, a tailored financial plan specific to that user and any advice thereafter will be based on that specific user's needs, concerns, and risk tolerance.

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

Openfolio does not currently participate in wrap fee programs.

### **E. Assets Under Management**

Openfolio does not currently manage client assets.

## Item 5 – Fees and Compensation

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### **A. Fees and compensation**

**Openfolio does not charge any fee to its clients or users.**

**Openfolio may, and often will, receive referral fees from third party investment advisers it refers clients. Compensation Openfolio receives from third party investment advisers has no effect on the overall fee a referred client will pay for its services. In accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities, any such referral fees shall be paid solely from the**

**third party investment management fees and shall not result in any additional charge to the client.**

**B. Fee Deduction**

As mentioned above in Item 5.A, Openfolio does not charge fees to its clients.

**C. Other Fees and Expenses**

Openfolio clients do not pay Openfolio any fees or expenses. Openfolio clients who decide to use third party investment advisors need to pay the fees required under the client's separate agreement with the third party investment advisor.

**D. Pre-paid Advisory Services**

As stated in Item 5.A, Openfolio charges no fees to its clients.

**E. Compensation for Sales of Securities or other Investment Products**

Openfolio does not sell or recommend specific securities or investment products to its clients. Openfolio does receive compensation from third party investment advisors it refers clients to but this is uncorrelated to the investment products that client decides to purchase or use. Openfolio exclusively partners with fee-only third party investment advisors.

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

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Openfolio does not receive performance-based fees.

## Item 7 – Types of Clients

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Openfolio generally provides its services to individuals.

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

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### A. Methods of Analysis and Investment Strategies

Based on data users provide either manually or via linking their accounts, Openfolio then determines which users could most benefit from professional financial advice provided by third party investment advisors based on a number of factors including but not limited to, performance, assets, age, goals, portfolio allocation, familial structure, etc. The vast majority of third party investment advisors' portfolios have long-term horizons and have risk profiles in line with those of the particular client. Of course, Openfolio is not liable for any clients/users who reject a third party investment advisor's portfolio allocation advice and decide to create a self-directed portfolio with a higher risk profile.

### B. Risk Factors

Relative to other types of investment advice, there are relatively low risks associated with recommending long-term, holistic financial advice to Openfolio clients via third party investment advisors.

There is a risk that Openfolio could recommend a third party investment advisor whose service is of lower quality than a client's previous advisor but given that Openfolio has done deep due diligence on each third party investment advisor it partners with, that risk is fairly low. However, investing in securities and other investments involves a risk of loss that each client should understand and be willing to bear.

There is a risk that, despite its best efforts, Openfolio could recommend a client to a third party investment advisor based on inaccurate or incomplete information. Openfolio bases its recommendations on data provided by the client and Openfolio's third party data provider and/or other crowd-sourced data from other users. Openfolio believes that the data that it obtains from its clients and its third party data provider is accurate, but it may not be. Subject to its fiduciary duties under federal securities laws, Openfolio makes no representation, warranty, or guarantee that data on its website or mobile application is accurate. Openfolio is not responsible for changes that may occur in fees charged by third party investment advisors.

## Item 9 – Disciplinary Information

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### **There are no legal, regulatory or disciplinary events involving Openfolio or any of its employees.**

Openfolio and its advisory personnel value the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider with whom you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

To review the firm information contained in Form ADV Part 1, select the option for "Investment Adviser Search", then selecting "Firm" and enter **226607** in the field labeled "Firm Name or CRD# or SEC#". This will provide access to Form ADV Parts 1 and 2. Item 11 of the Form ADV Part 1 lists legal and disciplinary disclosure questions.

## Item 10 – Other Financial Industry Activities and Affiliations

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The sole business of Openfolio LLC is to recommend third party investment advisors to its clients. Openfolio's parent, Openfolio Corp. provides an interactive website and mobile application with financial and educational tools and content. Advisory persons of the Advisor are also involved in the non-advisory business of Openfolio Corp.

### A. Compensation from Investment Advisors Recommended to Clients

Openfolio may, and often will, receive compensation from third party investment advisors to which it refers clients. Openfolio's compensation arrangements may include without limitation:

- A third party investment adviser may pay Openfolio an ongoing portion of the advisory fee the third party investment advisor earns from a client referred by Openfolio

- A third party investment adviser may pay Openfolio a flat fee for a client having purchased a one-time, flat fee

financial plan

All compensation that Openfolio receives from third party investment advisors in connection with referrals of clients will be fully disclosed to clients in writing under Rule 206(4)-3 under the Investment Advisers Act of 1940. Any such referral fee shall be paid solely from the third party investment adviser's investment management fee and shall not result in any additional charge to the client. Openfolio will disclose the nature of its solicitation relationship with the third party investment adviser at the time of solicitation, and will provide all prospective referral clients with a copy of our written disclosure statement containing the terms and conditions of the solicitation arrangement, including compensation, and a copy of the third party investment adviser's written disclosure statement at the time of solicitation.

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

Openfolio has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons associated with Openfolio. The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. Openfolio and its personnel owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Openfolio associates to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code of Ethics covers a range of topics that address employee ethics and conflicts of interest. To request a copy of our Code of Ethics, please contact us via our website at <http://openfolio.com>.

Openfolio allows our employees to purchase or sell the same securities that may be included in Client accounts. Openfolio does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advise an investment company. Openfolio does not have a material interest in any securities traded in Client accounts. When trading for personal accounts, employees of Openfolio may have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can potentially be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by Openfolio requiring reporting of personal securities trades by its employees for review by the employee's supervisor or the CCO. While Openfolio allows our employees to purchase or sell the same securities that may be implemented on behalf of Client's, Openfolio's employees do not have advance notice of the securities to be purchased or sold by any Sub-Advisor. At no time will Openfolio, or any associated person of Openfolio, transact in any security to the detriment of any Client.

We have also adopted written policies and procedures to detect the misuse of material, non-public information. In addition the Code of Ethics governs Gifts and Entertainment given by and provided to the Advisor, outside employment activities of employees, Employee reporting, sanctions for violations of the Code of Ethics, and records retention requirements for various aspects of the Code of Ethics.

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#### Item 12 – Brokerage Practices

##### **A. Broker Dealer Recommendations**

**1. Research and Other Soft Dollar Benefits** - Openfolio does not receive any research or soft dollar benefits from referrals.

**2. Brokerage Referrals** - Openfolio does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account.

**3. Directed Brokerage** – Brokerage transactions are determined through separate agreement with the third party investment advisor.

##### **B. Aggregating and Allocating Trades**

Not applicable. Openfolio does not manage client assets.

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#### Item 13 – Review of Accounts

Openfolio does not custody client assets.

Securities in client accounts that have been referred to third party investment advisors by Openfolio are monitored on a regular and continuous basis by the third party investment advisor.

Item 14 – Client Referrals and Other Compensation

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Openfolio may, and often will, receive compensation from third party investment advisors to which it refers clients.

Item 15 – Custody

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Openfolio does not custody client assets.

Item 16 – Investment Discretion

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Openfolio does not have discretion over client accounts.

Item 17 – Voting Client Securities

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Openfolio does not have authority to vote client securities.

Item 18 – Financial Information

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Openfolio does not charge fees to its clients.

Item 19 – Requirements for State-Registered Advisors

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Openfolio is not registering with any state securities authorities.

Form ADV Part 2B – Brochure Supplement  
for

**Maxwell K. Lane  
Business Analyst**

**Effective: January 25, 2017**

This Brochure Supplement provides information about the background and qualifications of Maxwell K. Lane (CRD# **6111790**) in addition to the information contained in the Openfolio LLC (“Openfolio” or the “Advisor”) (CRD # 226607) Disclosure Brochure. If you have not received a copy of the Disclosure Brochure or if you have any questions about the contents of the Openfolio Disclosure Brochure or this Brochure Supplement, please contact us at **support@openfolio.com** or at **(347) 746-3750**.

Additional information about Mr. Lane is available on the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## Item 2 – Educational Background and Business Experience

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Maxwell K. Lane, born in 1989, is dedicated to advising Clients of Openfolio as the Business Analyst. Mr. Lane earned a Bachelor of Arts in History and Spanish from the University of San Diego in 2011. Additional information regarding Mr. Lane's employment history is included below.

### Employment History:

Business Analyst, Openfolio LLC	12/2015 to Present
Registered Client Service Associate, UBS Financial Services, Inc.	11/2013 to 11/2015
Branch Service Associate, UBS Financial Services, Inc.	08/2012 to 11/2013
English Teaching Assistant, Fulbright Commission	09/2011 to 06/2012
Senior Staff Employee, University of San Diego	09/2007 to 08/2011

## Item 3 – Disciplinary Information

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***There are no legal, civil or disciplinary events to disclose regarding Mr. Lane.*** Mr. Lane has never been involved in any regulatory, civil or criminal action. There have been no client complaints, lawsuits, arbitration claims or administrative proceedings against Mr. Lane.

Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices. ***As previously noted, there are no legal, civil or disciplinary events to disclose regarding Mr. Lane.***

However, we do encourage you to independently view the background of Mr. Lane on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Select "Investment Adviser Search" from the left navigation menu. Then select the option for "Individual" and enter **6111790** in the field labeled "Individual Name or CRD#".

## Item 4 – Other Business Activities

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Mr. Lane is dedicated to the investment advisory activities of Openfolio's Clients. Mr. Lane does not have any other business activities.

## Item 5 – Additional Compensation

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Mr. Lane is dedicated to the investment advisory activities of Openfolio's Clients. Mr. Lane does not receive any additional forms of compensation.

## Item 6 – Supervision

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Mr. Lane serves as the Business Analyst of Openfolio and is supervised by Hart Lambur, the Chief Compliance Officer. Mr. Lambur can be reached at [support@openfolio.com](mailto:support@openfolio.com) or at **(347) 746-3750**.

Openfolio has implemented a Code of Ethics and internal compliance that guide each employee in meeting their fiduciary obligations to Clients of Openfolio. Further, Openfolio is subject to regulatory oversight by various agencies. These agencies require registration by Openfolio and its employees. As a registered entity, Openfolio is subject to examinations by regulators, which may be announced or unannounced. Openfolio is required to periodically update the information provided to these agencies and to provide various reports regarding the business activities and assets of the Advisor.