



## **Form ADV Part 2A: The Brochure**

Principly, Inc.

25 Taylor Street  
San Francisco, CA 94102

[support@collegebacker.com](mailto:support@collegebacker.com)

[CollegeBacker.com](http://CollegeBacker.com)

July 13, 2017

Principly, Inc. is an investment adviser that is registered with the U.S. Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”), and which operates under the tradename CollegeBacker (“we,” or “us”). Such registration does not imply a certain level of skill or training. Additional information about CollegeBacker is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This brochure (“Brochure”) provides information about the qualifications and business practices of CollegeBacker. If you have any questions about the contents of this Brochure, please contact us at [support@collegebacker.com](mailto:support@collegebacker.com). The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. This Brochure is for informational purposes only. It does not convey an offer of any type and is not intended to be, and should not be construed as, an offer to sell, or the solicitation of an offer to buy, any interest in any entity, investment, or investment vehicle.

## **Item 2: Material Changes**

Since the last update to this Brochure on September 1, 2016, CollegeBacker changed its investment advisory fee such that, for new clients beginning on July 14, 2017, CollegeBacker is no longer collecting an asset-based investment advisory fee and is instead collecting a discretionary monthly investment advisory fee, as detailed in Item 5 (Fees & Compensation), which has been revised accordingly. Existing CollegeBacker clients will be provided with the option of changing their fee from an asset-based investment advisory fee to a discretionary monthly investment advisory fee upon agreeing to a revised Investment Advisory Agreement.

### **Item 3: Table of Contents**

Item 1: Cover Page

Item 2: Material Changes

Item 3: Table of Contents

Item 4: Advisory Business

Item 5: Fees and Compensation

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

Item 7: Types of Clients

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

Item 9: Disciplinary Information

Item 10: Other Financial Industry Activities and Affiliations

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

Item 12: Brokerage Practices

Item 13: Review of Accounts

Item 14: Client Referrals and Other Compensation

Item 15: Custody

Item 16: Investment Discretion

Item 17: Voting Client Securities

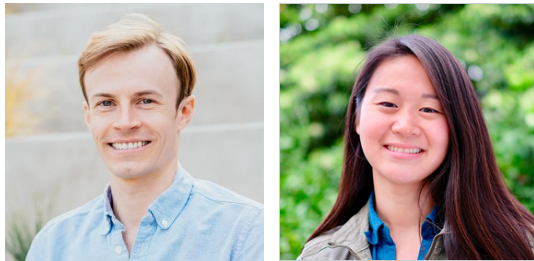
Item 18: Financial Information

## **Item 4: Advisory Business**

### ***Introduction to CollegeBacker's Business***

Principly, Inc. is a Delaware corporation and an investment adviser that is registered with and regulated by the SEC under the Advisers Act as an internet adviser, and is offering its services under the tradename CollegeBacker. As an internet adviser, CollegeBacker provides investment advice to our clients exclusively through an interactive website, which is located at [www.collegebacker.com](http://www.collegebacker.com). On this website, interactive computer software-based applications receive the information that our clients submit through the website and help us provide an investment advisory service that is based on the personal information that the client inputs but does not otherwise purport to meet the overall objectives or needs of a specific client. Rather, CollegeBacker's intent is to encourage 529 Plan investing as further outlined below. CollegeBacker does not plan to provide any investment advice through other means, such as in person, by telephone, or via email. If you require investment advice other than through an interactive website, CollegeBacker is not the adviser for you.

CollegeBacker was founded in mid-2015 by Jordan Lee. Jordan Lee has passed the Series 65 regulatory examination. Jordan Lee's background is in technology, rather than in recommending investments for other people, and on that basis he has developed a technology solution for 529 Plan investing and has kept the investment side of the business simple. His co-founder Abigail Chao, who joined the company in mid-2016 and whose background includes management consulting and financial services, has also passed the Series 65 regulatory examination.



CollegeBacker believes that 529 Plan investing is underutilized, in part because of the complexities in:

- ❖ Opening accounts,
- ❖ Accessing account information,
- ❖ Settling on an investment option, and
- ❖ Sharing goals and progress with family and friends.

The mission of CollegeBacker is to further popularize 529 Plan investing by making it easier to understand and simpler to invest on behalf of the 529 Plans' beneficiaries (the "Students").

*As background, 529 Plans are tax-advantaged investment plans adopted in accordance with Section 529 of the Internal Revenue Code. Withdrawals from 529 Plans for qualified education expenses remain free of federal income tax, among other benefits, terms, and conditions. The 50 states and several territories have adopted various kinds of 529 Plans, which commonly offer various investment options, or prepaid tuition plans. CollegeBacker does not advise on prepaid tuition plans.*

### ***CollegeBacker's Focus***

Details about each of the following elements of CollegeBacker's focus, such as how to open an account and what investments are recommended, are available at our website.

#### *Opening accounts*

CollegeBacker has a philosophy that simplicity can go a long way in encouraging family and friends to invest on behalf of a college-bound Student. We offer a user-friendly way to open a 529 Plan account for a Student, to begin adding investment contributions to the Student's 529 Plan account, and to publicize the account with family and friends. We also made it easier for family and friends to discover that a Student has an existing 529 Plan and to begin contributing investments into the Student's 529 Plan account without having to pull together the Student's personal information and fill out an account application.

#### *Accessing account information*

CollegeBacker has implemented a technology solution to make accessing account information and adding investments easy and intuitive. One can access information about the investments and track a Student's progress on our website. We anticipate further developments in this area in the future, including more customization options.

#### *Settling on an investment option*

The 50 states and several territories have adopted various kinds of 529 Plans, prepaid tuition plans, or other vehicles for college savings, which offer various investment options. Cumulatively, all of these options can be intimidating or confusing, and might deter a Student's family or friends from making the effort to invest in a 529 Plan for the Student. CollegeBacker keeps it simple and recommends one option for the client.

CollegeBacker's focus is on encouraging you to start the process of saving and investing on behalf of a Student, and helping you do so with the help of family and friends, rather than on chasing specific kinds of investment returns. Note that by investing through CollegeBacker, you might sacrifice certain tax benefits (such as state tax deductions or credits) that might be available to you, which could be material. You should investigate your other options before investing with CollegeBacker. You may determine that it is most advantageous to max out contributions to a 529 Plan from your state of residence before utilizing a CollegeBacker fund. There is no limitation on the number of 529 Plan accounts that you can have at one time.

### ***The Investment Choices***

CollegeBacker provides investment advice on only certain 529 Plans, and on only certain of the investment options available in those 529 Plans. This Brochure refers to those investment options as Investment Choices. CollegeBacker's recommendation as to a particular Investment Choice will depend on the information you provide during the account-opening phase. In that sense, CollegeBacker's advice is tailored, but it remains impersonal, and CollegeBacker will not provide investment advice on other securities besides the Investment Choices or respond to specific requests for advice or to purchase other securities. Other 529 Plans that are not offered as Investment Choices may be more suitable for you.

CollegeBacker will offer Investment Choices based on various factors, including ease of administration, the ability of CollegeBacker to coordinate its technological processes with the 529 Plan, the level of fees charged by the 529 Plan, the reputation of the investment managers of the 529 Plan's investment options, the overall terms, and the available investment options, among other factors. CollegeBacker has begun with a single 529 Plan but reserves the right to add or subtract 529 Plans from its recommendations from time to time. CollegeBacker receives no fees or other compensation from the 529 Plans; we receive fees solely from our clients as described in Item 5 below.

CollegeBacker offers advice on investing in Investment Choices and, as part of its services to investment advisory clients, provides technology and account-opening solutions intended to make it easier for family and friends to support the Students in their life by funding 529 Plans for them.

All of CollegeBacker's clients are advised on a non-discretionary basis, which means that you, rather than CollegeBacker, will select your investment. Upon selecting an Investment Choice, you will complete any documentation that the Investment Choice requires (and which our process may assist with).

CollegeBacker currently advises on approximately \$300,000 in client assets as of the date of this Brochure.

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

CollegeBacker collects an investment advisory fee in one of the two methods described below. CollegeBacker's investment advisory fee is exclusive of, and in addition to, any distribution or transaction fees charged by a 529 Plan or intermediary, the 529 Plan's fees and expenses, and the Investment Choices' fees and expenses. Information about those other fees and expenses is disclosed in the disclosure documents relating to the Investment Choices. CollegeBacker does not receive revenue from any 529 Plan, from any funds that make up the Investment Choices, or from any fund manager.

### ***Discretionary Monthly Investment Advisory Fee (Beginning on July 13, 2017)***

CollegeBacker believes that every family deserves access to the best information and tools available for college financial planning, regardless of their means. Thus, for all new clients who sign up for our services on or after July 13, 2017, CollegeBacker will not charge an asset-based investment advisory fee for maintaining an account on behalf of a Student. Instead, for each new account, our clients will be given the option of paying us a monthly investment advisory fee in the amount that he or she believes is fair, and may increase or decrease the fee amount by updating their selection via our interactive website. This amount will be collected each month in a way that does not constitute fee deduction authority for purposes of the custody rule of the Advisers Act. The fee will be collected by the same method of payment that the client set up for their investment contributions to the Student's account and the client will have the ability to change the fee amount or method of payment at any time. CollegeBacker will maintain discretion to opt to invoice its clients for its investment advisory fee. If a client is the owner of two or more Student accounts, he or she will have the opportunity to set a separate monthly fee for each account, and all fees will be collected each month.

Existing clients will be notified of CollegeBacker's change in fee structure and will be provided the option of changing their fee from an asset-based investment advisory fee, as described below, to a discretionary monthly investment advisory fee, as described above. Clients who elect to change their fee structure will be required to agree to a revised Investment Advisory Agreement setting out the new terms.

CollegeBacker reserves the right, with 30 days notice to its clients, to institute an asset-based investment advisory fee as described below, if its discretionary monthly investment advisory fee structure proves uneconomical in a way that harms CollegeBacker's business, as determined in our discretion. Furthermore, CollegeBacker reserves the right to institute fees for additional products or services not currently available and described in this brochure.

### ***Asset-Based Investment Advisory Fee (for Certain Clients Prior to July 13, 2017)***

This section describes the mechanics of CollegeBacker's asset-based advisory fee, which is in effect for clients who joined prior to July 13, 2017 and who have not elected to switch to the discretionary monthly investment advisory fee described above.

When a client invests in a 529 Plan through CollegeBacker, he or she chooses a beneficiary, the Student. The asset-based advisory fee is calculated based on the size of the Student's account, including based on contributions to that account from other friends and family members, and taking into consideration the investment growth or losses in the account. The standard annual fee rate is 0.50% of the net asset value of an account (once the account's net asset value reaches \$5,000), and it is paid upon various events or at the end of certain periods, depending on the circumstances, such that the final amount paid through year-end may be somewhat higher or lower than 0.50% of the net asset value of the account. Fractions of a penny will be rounded down. Initially or during any period, we reserve the right to charge 0%. We also may charge an amount such that our fee plus the 529 Plan's disclosed fees total 0.50% or some other total fee level. We will agree on the fee when taking on a particular client. The fee rate is subject to negotiation.

Investment advisers commonly charge an asset-based investment advisory fee by deducting the amount of an advisory account. However, due to the difficulties and disadvantages to you if we access our asset-based fee by deducting assets in your account (because assets are held in a 529 Plan), we ordinarily seek to apply our asset-based investment advisory fee by causing investors placing money into an account to divert part of their contribution to pay the account's investment advisory fee to CollegeBacker.

*Payment upon investment.* When an account is first opened for a Student and when subsequent contributions are made for the Student, one quarter's fee is paid out of the amount being invested. That is, an investment advisory fee of 1/4 of 0.50% is deducted before it reaches the account -- or \$1.25 out of each \$1,000 invested. This is the case whether the investment was made mid-calendar-quarter or otherwise.

*For example, if a Student account is opened with a \$5,000 contribution, \$6.25 (that is, 1/4 of 0.50% of the contribution) is paid as an investment advisory fee to CollegeBacker, and the remainder is invested in the account.*

*Payment from subsequent investments.* Each subsequent investment into that Student account, from any contributor (not just the original contributor who opened the account) will be subject to an investment advisory fee that is either 1/4 of 0.50% of the contribution, or, if larger, the amount of additional advisory fees accumulated to date with respect to the account (but no more than 20% of any one contribution).

*For example, if the \$5,000 contribution (\$4993.75 invested and \$6.25 paid as a fee) described above was made mid-quarter, and as of that first calendar quarter's end the*



*net asset value of the account is \$5,050 due to capital appreciation, the next contribution made by any person to the Student during the following quarter will be deducted by 6 cents (1/4 of 0.50% of the extra \$50 in the account, or 6 cents), in addition to 1/4 of 0.50% of the amount being contributed. Thus, if the next contribution is \$20, \$19.94 will be invested and 6 cents will be applied to the investment advisory fee.*

*As another example, if at calendar quarter end a Student's account has a net asset value of \$40,000 and has paid no investment advisory fees from contributions during that quarter (which means that CollegeBacker is owed \$50.00 in investment advisory fees for that quarter, based on 1/4 of the annual 0.50% rate), and during the next quarter only one contribution of \$100 is made, the fee deducted from that contribution will be \$20 (that is, the maximum 20% of any one contribution) rather than the full \$25. In that case, \$5 in investment advisory fees remains owed to CollegeBacker with respect to the account, to be paid (without interest) to CollegeBacker from future contributions from supporters of the Student.*

In addition, CollegeBacker may implement a process whereby at the end of any quarter in which deductions from contributions are insufficient to pay the fee owed with respect to the account, an escrow agent (which may be pursuant to an agreement with the contributor) shall be entitled to withdraw each contributor's pro rata share of the fee owed, calculated based on the contributions made by the contributor as a percentage of the overall contributions made to the account, not taking account of investment growth or loss in the account. These withdrawals will only be made if the outstanding fee owed is \$50 or greater. No withdrawal will be made from an account having insufficient funds.

*For example, in the example above, \$5 remains owed. In such a case, no withdrawals will be made from a contributor's bank account. If, instead, \$100 remains owed as of a particular quarter end, and one contributor had contributed 80% of the amounts contributed, and a second contributor had contributed 20% of the amounts contributed, the appropriate pro rata amount (\$80 from one, and \$20 from the other) may be withdrawn from each contributor's bank account by an escrow agent, and each contributor will be alerted upon such withdrawal.*

If CollegeBacker's fee cannot be paid from contributions or from bank account withdrawals as described above, such as in the case that contributions are too small or bank accounts have insufficient funds or are closed, CollegeBacker may invoice a contributor or otherwise take steps to remove its fee from the 529 Plan in a way that does not constitute fee deduction authority for purposes of the Advisers Act's custody rule. In such a case, the Account would be reduced by the fee, as well as by penalties and other economic ramifications of early withdrawals that are not for qualified educational purposes.

## ***Termination of Agreement***

Upon the termination of an Investment Advisory Agreement, the associated Student account will stop being charged the investment advisory fee beginning with the next payment period.

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

CollegeBacker does not charge performance-based fees, which are fees that are based on a share of the capital appreciation of an account. CollegeBacker has no arrangements by which separate types of accounts are managed on a side-by-side management basis.

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

CollegeBacker's clients are individuals of all income ranges who have an important Student in their life, or who are themselves Students. CollegeBacker's typical client is the person who signs on to establish and initially contributes to an Account for a Student. Other contributors to the account are not formally considered CollegeBacker's clients for most purposes, although they may help the account pay an asset-based investment advisory fee, as discussed in Item 5 above. CollegeBacker is excited to require no minimum investment size. However, as CollegeBacker provides in its standard investment agreement, CollegeBacker reserves the right to implement a minimum investment or balance if the costs make small balances uneconomical in a way that harms CollegeBacker's business, as determined in our discretion.

CollegeBacker views its investor base to include those who, alongside other family and friends, want to get started on investing in a 529 Plan for the Students in their life, or those who are not capable or interested in conducting research into other investment alternatives that are available, including other 529 Plans that may be more appropriate to a particular investor.

Because the Investment Choices are expected to offer the benefits of tax exemption or deferral, it is not recommended that you invest through a vehicle that also offers tax exemption or deferral, such as an individual retirement account (sometimes called an IRA). Trusts and entities can also offer challenges in determining whether an investment in the Investment Choices is appropriate, and you should seek your own tax, legal, or financial guidance before causing a trust or entity to invest.

Due to anticipated regulatory burdens, CollegeBacker does not, at this time, anticipate allowing ERISA investors to become clients. An ERISA investor is one that is subject to the Employee Retirement Income Security Act of 1974, an investor that seeks for CollegeBacker to agree to conduct its operations as if ERISA applied, or an investor that CollegeBacker otherwise determines to potentially implicate ERISA and Department of Labor rules and regulations.

CollegeBacker currently limits its investors to U.S. persons but may allow non-U.S. persons to invest in the future.

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

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

In determining what Investment Choices to offer, CollegeBacker conducts operational due diligence (“ODD”) by engaging in the following process. Since every 529 Plan is different, not every part of the process will be used in every case, but the following is intended to provide an illustrative example of the kinds of steps that are typically taken. Certain elements of the typical ODD include:

- Review of the 529 Plan’s formal disclosure documentation, including with respect to fees and expenses, the investment programs offered, principal risks, and other key terms.
- Consideration of the 529 Plan’s history, stability (including from a legislative and political standpoint), and custodial arrangements.
- Consideration of the investment advisory firms that will manage the assets of the Investment Choices.
- Evaluation of the 529 Plan’s types of accounts, willingness to cooperate, flexibility in administering accounts, and compatibility with the technology and account-opening solutions that are part of CollegeBacker’s investment advisory services.
- Telephone discussions with personnel at the 529 Plan to cover topics that CollegeBacker deems appropriate.
- Review of other information as CollegeBacker deems relevant.

CollegeBacker has conducted ODD only on a limited number of Investment Choices and has not completed a comprehensive review of all information that an investor may deem material. In particular, CollegeBacker has not conducted ODD on the many 529 Plans in which you may decide to invest instead of following CollegeBacker’s investment advice. You are encouraged to research other 529 Plans, some of which have lower fees for certain of their investment options, better investment performance during certain periods, and other elements that you may consider material to your investment decision. Importantly, some 529 Plans or their home states offer significant tax benefits to investors who are residents in their states or otherwise. You are encouraged to research whether those, or other investment vehicles, are a better investment for you and your Student. CollegeBacker views its investor base to include those who are not capable or interested in conducting that research, or those who simply want to get started on investing alongside other family and friends in a 529 Plan for the Student in their life.

CollegeBacker does not provide a comparison of the many 529 Plans that are available for you to invest in. Instead, CollegeBacker currently provides advice on investing in one 529 Plan or a few 529 Plans. CollegeBacker reserves the right to add or subtract 529 Plans from its recommendations from time to time. Before you invest in any 529 Plan based on CollegeBacker’s

advice, you will be provided the 529 Plan's disclosure documents, which you should read carefully.

Many 529 Plans offer numerous investment options, either in the form of a long list of specific investment funds or in categories such as "aggressive," "moderate," "conservative," and "cash." CollegeBacker has a philosophy that simplicity can go a long way in encouraging a Student's family and friends to invest on behalf of the Student, as compared with offering a wide menu of options that can be intimidating or confusing. For that reason and for ease of administration, CollegeBacker does not make recommendations about all of the possible investment options available to you when you invest in a particular 529 Plan, but instead recommends one or a few options. CollegeBacker's focus is on encouraging your saving and investment for a Student, and helping you do so alongside family and friends, rather than on chasing specific kinds of investment returns.

### ***Risk of Loss***

CollegeBacker recommends a particular type of security as its Investment Choices, which are investments in a 529 Plan. The Investment Choices are subject to various risks that are disclosed in the Investment Choices' prospectuses or similar disclosure documents. These documents describe the fees and expenses, investment objective and strategies, and other terms applicable to the Investment Choices. Importantly, these disclosure documents include a summary of the risks of investing in the Investment Choice, and you should carefully read and understand those risks before you invest any money or select a particular Investment Choice. Past performance is not necessarily an indicator of future performance. Investments using CollegeBacker's processes, and investments in a 529 Plan generally, are subject to specific risks, in addition to those disclosed in the Investment Choice's disclosure documents, and include:

- CollegeBacker is newly formed and has less than two years of operating history. New companies tend to be more susceptible to disruptions than companies with a long history of operations. In the unlikely event that CollegeBacker ceases to operate, you will still retain ownership of your 529 Plan account and have access to it through the Plan administrator.
- CollegeBacker is heavily reliant on its management team, in particular Jordan Lee and Abby Chao, before it has increased its staffing and developed a long-established automated process for directing your investments into your chosen Investment Choices. Although they have both passed the Series 65 regulatory examination, they do not have backgrounds in recommending investments for other people.
- CollegeBacker is subject to management risk, which is the risk that its management does not effectively implement its business model or achieve its business objectives.

- CollegeBacker's technology may not work as intended, and its relationships with selected 529 Plans may not offer the anticipated compatibility with CollegeBacker's technology.
- As with all investments, the Investment Choices are subject to market risk (meaning that, as the markets rise and fall, the value of your investment will fluctuate), equity markets risk (such as volatility, particularly in market crises), and interest rate risk (particularly if the Investment Choices invest in fixed income securities such as bonds). There is no guarantee that an Account's money will grow, and the Account could lose a major part of its money.
- An investment will be subject to layering of fees. You or the account will pay CollegeBacker an investment advisory fee, and the investment will also be subject to the fees and expenses of both the 529 Plan and, if charged separately, the funds that make up the Investment Choices. The funds that make up the Investment Choices might engage in frequent trading, which would increase brokerage and other transaction costs and taxes that would be borne indirectly by the Student's account and reduce the value of the investments in the account.
- The Investment Choices that CollegeBacker recommends will be a limited selection and, during some (and potentially many) periods, will underperform other options that the particular 529 Plan offers or that are available through other 529 Plans, mutual funds, stocks, bonds, and other investments that are not part of CollegeBacker's investment recommendations.
- The Student might not attend college, or the Student might not need to use all of the money invested for him or her. In that case, alternatives include designating another recipient such as certain relatives who are students. CollegeBacker does not provide advice about designating other recipients of 529 Plan funding. You should review the IRS rules that apply or consult your tax advisor.
- Even if investments in a 529 Plan grow, the costs of education might be so great that your Student may be unable to attend the college of his or her choice.
- By investing through CollegeBacker, you might sacrifice certain tax benefits (such as state tax deductions or credits that may be available to you) that might be available to you, which could be material. You should investigate your other options before investing with CollegeBacker. You may determine that it is most advantageous to max out contributions to a 529 Plan from your state of residence before utilizing a CollegeBacker fund.
- Gift tax rules apply when you invest in a 529 Plan, so keep that in mind, particularly when investing larger amounts or after having given sizable gifts. Tax benefits and other benefits might vary depending on the time of year you invest

in a 529 Plan. In addition, tax laws can change, including the laws under which 529 Plans operate, and some or all tax benefits could be changed or eliminated. CollegeBacker does not give tax or financial planning advice. Consult the IRS rules, your tax advisor, or your personal financial planner if you have questions.

#### **Item 9: Disciplinary Information**

CollegeBacker has no disciplinary events to report.

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

CollegeBacker and its personnel currently engage in no other financial activities besides the investment activities described in this Brochure. CollegeBacker and its personnel also have no employment or similar relationship that CollegeBacker would view as creating an affiliation with a company in a financial industry or any related conflict of interest.

CollegeBacker does not receive compensation from the Investment Choices it recommends and does not otherwise receive economic benefits for doing so, other than the investment advisory fees discussed in Item 5 above. Certain benefits, such as ease of administration, responsiveness, cooperation, and transparent disclosure, which CollegeBacker views as important for Investment Choices to offer, benefit both CollegeBacker and its clients, and are not viewed by CollegeBacker as representing a conflict of interest.

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

CollegeBacker is subject to a fiduciary duty to act in the best interests of its clients. Consistent with that duty and government regulations, CollegeBacker has adopted a Code of Ethics applicable to its personnel describing its high standard of business conduct with respect to its clients. This fiduciary duty is the core principle underlying the Code of Ethics and represents the expected basis of all our dealings with our clients. The Code of Ethics includes internal reporting, recordkeeping, and other obligations regarding our personal securities transactions. The Code of Ethics requires that any violations of these obligations and any outside complaints be escalated, addressed promptly and appropriately, and recorded in the company's books and records.

CollegeBacker's personnel and their families may invest in the Investment Choices or in the funds that make up the Investment Choices. The investment advice that CollegeBacker provides with respect to Investment Choices offers little or no opportunity for a conflict of interest to arise, given that the advice is expected to relate to well-established mutual funds or similar vehicles unaffiliated with CollegeBacker that sell shares at net asset value. Those facts about what CollegeBacker's clients invest in indicate that CollegeBacker's personnel will not be in a position to benefit from influencing the issuers of shares, trading ahead of clients, or trading on nonpublic information. In the event that a conflict of interest is perceived to exist, CollegeBacker

will seek to eliminate or mitigate that conflict of interest, such as by prohibiting or monitoring trading that is identified as potentially representing a conflict of interest.

CollegeBacker will provide a copy of the Code to any client or prospective client upon written request.

### **Item 12: Brokerage Practices**

CollegeBacker does not select brokers through which you trade. Any investment on which CollegeBacker advises you is subject to the applicable brokerage charges or distribution fees that the particular Investment Choice or its distributor charges. These charges and fees are disclosed to you in the disclosure documentation provided by each Investment Choice.

You can pay smaller brokerage charges and distribution fees by investing in certain other securities in which other advisers may help you invest. CollegeBacker does not advise on those other investments, but rather only advises on investments in the Investment Choices.

CollegeBacker does not advise on investments in scarce opportunities or in securities that change their price throughout the day. Instead, CollegeBacker advises as to Investment Choices that, in all cases, CollegeBacker expects will stand ready to accept the entire amount of investments by CollegeBacker's clients. The investments are made based on the price next determined by each investment fund that makes up the Investment Choices, which is usually determined as of the closing of that day's stock exchange trading. For those reasons, although CollegeBacker may (but is not required to) aggregate several clients' trades in one order, CollegeBacker anticipates that no client will be disadvantaged, whether or not trades are aggregated.

CollegeBacker does not receive "soft dollars" or other economic benefits from any brokerage arrangement.

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

Each quarter, CollegeBacker reviews some or all accounts for any manifest error, such as an asset change that cannot easily be accounted for, to confirm that investment changes that clients have requested are made, and to check that Age-Based Investment Choices appropriately reflect the age of the Student.

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

CollegeBacker may conduct campaigns through advertising networks (e.g., Google AdWords/AdSense) and compensate such advertising networks accordingly. In addition, at certain times CollegeBacker may offer a credit or nominal gift to existing clients that refer new clients to use CollegeBacker's services. While the amount of the credit or gift is nominal, such

credits or gifts may cause a conflict of interest if existing clients make this referral solely to receive the credit or gift.

In addition, CollegeBacker has entered into and may continue to enter into written agreements with third-party solicitors who are in a position to refer clients to CollegeBacker.

#### **Item 15: Custody**

CollegeBacker does not hold custody of your assets. Instead, your assets are held in custody by your Investment Choices or the investment funds that make up your Investment Choices. Be sure to carefully review your account statements and alert CollegeBacker or your Investment Choices in the event you believe there may be an error.

#### **Item 16: Investment Discretion**

CollegeBacker does not exercise investment discretion for any clients. That means that you, rather than CollegeBacker, decide when and how to invest. CollegeBacker expects to implement an auto-invest option, in which you can arrange for repeat investments to be made periodically, but these are subject to your instruction rather than being in CollegeBacker's discretion.

#### **Item 17: Voting Client Securities**

From time to time, you will be entitled to participate in shareholder votes, such as votes on matters relating to investment funds that make up your Investment Choices. Votes are held on various matters, such as the election of the fund's directors, modifications of investment programs, changes in management fees, or selecting a new investment adviser for the fund, among other matters. In such an instance, if the 529 Plan will not exercise the vote, the investment fund will solicit your proxy, which means that it will seek your instruction on how to vote your shares. CollegeBacker does not vote your shares, and does not provide you advice on how you should instruct your shares to be voted. You will receive proxy materials directly from your Investment Choices, unless CollegeBacker has arranged to receive proxy materials and deliver them to you. Some of these votes can be particularly material to your interests. You should read any proxy materials and you will need to make your own decision on how to vote your securities, in consultation with your professional advisor or upon doing your own research, should you so desire.

#### **Item 18: Financial Information**

Because CollegeBacker does not accept six months' prepayment of fees, does not hold custody of your assets, and does not exercise discretion in investing your assets in Investment Choices, this disclosure item is not applicable.





**Form ADV Part 2B:  
Brochure Supplement**

Principly, Inc.

25 Taylor Street  
San Francisco, CA 94102

[support@collegebacker.com](mailto:support@collegebacker.com)

[CollegeBacker.com](http://CollegeBacker.com)

July 13, 2017

This brochure supplement provides information that supplements Principly's Form ADV Part 2A brochure with regard to the following persons: Jordan Lee and Abigail Chao. You should have received a copy of that brochure. Please contact CollegeBacker at +1 (844) SAVE-529 or [support@collegebacker.com](mailto:support@collegebacker.com) if you did not receive Principly's Brochure or if you have any questions about the contents of this brochure supplement.

Additional information about Jordan Lee and Abigail Chao is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**JORDAN LEE**

**Item 2: Educational Background and Business Experience**

Year born: 1985

Education:

Princeton University, MA, Politics, 2013

Yale University, MA, East Asian Studies, 2009

Harvard College, AB, Government and East Asian Studies, 2008

Business Background:

ClearSlide, Product Manager, 2013-2015

Collections Labs, Inc., Co-founder and Chief Executive Officer, 2012-2013

**Item 3: Disciplinary Information**

Jordan Lee has no disciplinary events to report.

**Item 4: Other Business Activities**

Jordan Lee is not actively engaged in any other business or occupation for compensation.

**Item 5: Additional Compensation**

There are no other compensation arrangements.

**Item 6: Supervision**

Mr. Lee serves as CollegeBacker's Chief Executive Officer and as such is not subject to additional supervision. Mr. Lee may be contacted at 1 (844) 728-3529.

**ABIGAIL CHAO**

**Item 2: Educational Background and Business Experience**

Year born: 1990

Education:

University of Southern California, BA, Business Administration, 2013

Business Background:

McKinsey & Company, Senior Associate, 2013-2016

**Item 3: Disciplinary Information**

Abigail Chao has no disciplinary events to report.

**Item 4: Other Business Activities**

Abigail Chao is not actively engaged in any other business or occupation for compensation.

**Item 5: Additional Compensation**

There are no other compensation arrangements.

**Item 6: Supervision**

Ms. Chao serves as CollegeBacker's Chief Operating Officer. She is supervised by Mr. Lee pursuant to CollegeBacker's policies and procedures.