

**Item 1 – Cover Page**

# Actual

Form ADV Part 2A Appendix 1  
Wrap Fee Program Brochure

March 23, 2017

ACTUAL.MONEY LLC WRAP FEE PROGRAM

**Sponsored by:**  
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This wrap fee program brochure provides information about the qualifications and business practices of Actual.Money LLC (hereinafter “Actual”). If you have any questions about the contents of this brochure, please contact us at [tim.hance@actual.money](mailto:tim.hance@actual.money). 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 Actual is also available on the SEC’s web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

There are no material changes to report as this is Actual's initial Form ADV Part 2A.

## **Item 3 – Table of Contents**

<b>Item 1 – Cover Page.....</b>	<b>1</b>
<b>Item 2 – Material Changes .....</b>	<b>2</b>
<b>Item 3 – Table of Contents .....</b>	<b>3</b>
<b>Item 4 – Services, Fees and Compensation.....</b>	<b>4</b>
<b>Description of Service .....</b>	<b>4</b>
<b>Annual Wrap Fee .....</b>	<b>4</b>
<b>Cost Difference to Non-Wrap Fee Programs.....</b>	<b>5</b>
<b>Additional Costs .....</b>	<b>5</b>
<b>Compensation for Recommendation of the Wrap Fee Program .....</b>	<b>6</b>
<b>Item 5 – Account Requirements and Types of Clients .....</b>	<b>7</b>
<b>Item 6 – Portfolio Manager Selection and Evaluation .....</b>	<b>8</b>
<b>Advisory Business.....</b>	<b>8</b>
<b>Performance-Based Fees.....</b>	<b>8</b>
<b>Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>8</b>
<b>ETF Risks.....</b>	<b>12</b>
<b>Voting Client Securities .....</b>	<b>13</b>
<b>Item 8 – Client Contact with Portfolio Managers.....</b>	<b>15</b>
<b>Item 9 – Additional Information .....</b>	<b>16</b>
<b>Disciplinary History .....</b>	<b>16</b>
<b>Other Financial Industry Activities and Affiliations .....</b>	<b>16</b>
<b>Code of Ethics, Participation or Interest</b>	
<b>in Client Transactions and Personal Trading .....</b>	<b>16</b>
<b>Review of Accounts .....</b>	<b>16</b>
<b>Client Referrals and Other Compensation .....</b>	<b>17</b>
<b>Financial Information .....</b>	<b>17</b>

## **Item 4 – Services, Fees and Compensation**

### **Description of Service**

Actual is an automated investment and financial planning service that provides individualized investment management services to individual investors and businesses (“Clients”). Actual layers proprietary actuarial models and cutting-edge financial economics research on a foundation of established models, such as Modern Portfolio Theory, to produce a personalized investment strategy executed through the use of Exchange-Traded Funds (ETFs).

Actual begins with a functional questionnaire that determines, among other things, a Client’s risk tolerance and investment goals. Rather than actively trying to capture short term profits through market arbitrage, Actual focuses on strategically riding the currents of the market over the long term. Based upon the Client’s profile, Actual will determine the appropriate asset classes and create a portfolio from ETFs to reflect the Client’s investment goals. Actual also offers tax-loss harvesting, charitable deduction maximization, and other services for Clients who opt-in, have accounts with sufficient balances, and whose financial plan deems it in the Client’s best interest.

In contrast to other services, Actual provides both a comprehensive financial plan and automated investing based on the Client’s responses to the onboarding questionnaire. This financial plan includes more asset-classes, financial products or services than may be offered at this time by Actual. For example, Actual’s financial plan may call for the Client, at their discretion, to purchase insurance products such as annuities as part of a comprehensive portfolio. This information is provided as an additional value for the Client, and Actual may or may not receive a flat referral fee from a third party provider. Actual avoids a conflict of interest by accepting only fixed flat fees rather than variable commissions, and only recommending any third party products if it is strictly in the best interests of the Client as determined by Actual’s proprietary algorithm.

### **Annual Wrap Fee**

The annual wrap fee percentage is a fixed percentage assessed daily on the net market value of the Client’s account at the end of each day and deferred until the end of each month. Annual wrap fees are non-negotiable, but may be waived at any time by Actual. The Client or Actual may terminate the advisory agreement at any time, and all unbilled annual wrap fees will be deducted from the Client’s returned account balance.

The annual wrap fee is inclusive of all portfolio management costs, trading costs (excluding foreign exchange fees or third-party asset fees), custodial costs and operational costs. However, as noted below in “Additional Costs,” Clients may be charged by third-parties for the expenses

of the securities in the Client's portfolio. Actual does not profit directly or indirectly from any third party expense fees collected from the Client.

Because Actual runs on an automated investment algorithm, there are no sales costs or commission costs, and no Actual employee receives any compensation for the sale of securities or other investment products. Importantly, there are no additional fees for investment planning services provided by Actual.

### **Cost Difference to Non-Wrap Fee Programs**

Actual offers the Client a reasonable annual wrap fee that provides transparency and convenience for the Client in assessing the cost of their investment advisory services. Depending on the Client's trading activity, the annual wrap fee may cost more or less than separately purchasing the services provided by Actual.

### **Additional Costs**

If necessary to achieve the Client's investment goals, Actual may purchase ETFs that are denominated in currencies other than the U.S. dollar. If this is the case, the Client may be assessed a foreign exchange fee. Actual does not directly or indirectly benefit from the foreign exchange fee.

Because some issuers of securities such as ETFs have embedded legal, management, or other fees within price of their offered securities, Clients may indirectly pay a fee to third-parties. Actual does not directly or indirectly benefit from any third party embedded fees.

Actual provides financial planning services that are offered seamlessly with the Wrap Fee Program, but charged a separate service fee. Clients will pay a monthly fee of \$5.00 for financial planning services offered by Actual, with the first month after account creation waived as an introductory offer. The monthly fee for financial planning services will be deferred until the one-year anniversary date of the Client opening an account, and charged as a single sum of the deferred payments. If a Client cancels their financial planning service prior to the one-year anniversary, a pro-rata charge based on the \$60 annual fee will be deducted from the Client's account, or charged to the Client if there are no assets remaining in the Client's account. Clients may opt out of the financial planning service and still receive a standard automated investing service compliant with Actual's fiduciary duties to the Client and all applicable rules and regulations.

### **Compensation for Recommendation of the Wrap Fee Program**

Actual may compensate individuals as part of an advertising campaign, a referral program, or any other marketing endeavor, for the recommendation of the wrap fee program to the Client. Any fees paid to a third party for the referral of the Client are not charged to the Client.

## **Item 5 – Account Requirements and Types of Clients**

Actual provides investment advisory and financial planning services to individuals and businesses. The Client must deposit a minimum of \$500 to open an account with Actual for automated investing, which will automatically enroll them in the financial planning service. Clients may separately choose to enroll in only the financial planning service at the same annual cost of \$60. Upon account creation, the Client must complete a short questionnaire as part of the so that Actual can create a custom financial plan and allocate the Client's assets in a custom portfolio for automatic investing. As part of the financial planning service, the Client may answer additional questions, or change previous answers to questions as their circumstances change, in order to improve the quality of the custom financial plan.

## **Item 6 – Portfolio Manager Selection and Evaluation**

Actual does not employ portfolio managers because Actual directly manages all Client accounts. Actual uses an industry-standard, time-weighted rate of return to measure performance. Actual uses no third parties to measure performance because all performance information is measured in-house using models consistent with industry standards. Actual does not have any related persons acting as portfolio manager for the wrap fee program.

### **Advisory Business**

Actual offers (1) automated investment and (2) financial planning services through its website at [www.actual.money](http://www.actual.money). In order to automate a Client's investment, Actual provides a questionnaire that determines the Client's risk tolerance, bequest motive, leisure motive, age, and other variables, to create an overall utility function that maximizes a Client's happiness. This utility function is layered on top of a diversified investment strategy as informed by modern portfolio theory. The result is a diversified investment strategy that is intimately tied to each individual Client, and effectuated by the purchase of low-cost, pre-screened exchange traded index funds (ETFs).

The same utility function that guides Actual's investment is used to create a comprehensive financial plan specific to the Client. Because a comprehensive plan includes more products than Actual is able to provide, such as annuities, Actual may advise the Client to purchase investment products from an unaffiliated third party if it is in the Client's best interests to do so.

As noted above, the Client informs the investment plan by answering a questionnaire at the onset of the relationship. While the Client may not prescribe what types of investments Actual may make, this is for the benefit of the Client to ensure that a utility-maximizing investment plan is followed.

Actual is the wrap free program's sponsor and investment advisor, and receives a portion of the wrap fee for its services. Actual does not manage any other type of account.

### **Performance-Based Fees**

Actual does not accept performance-based fees.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

As noted above, Actual uses a combination of a proprietary algorithm that derives a utility function unique to an individual client, layered upon a foundation of modern portfolio theory, to



formulate a financial plan and investment strategy. The investment strategy is pursued by purchasing a portfolio of appropriate low-cost, passive ETFs. The level of risk in each Client's portfolio will be determined as part of the onboarding questionnaire, and incorporated into the purchase of ETFs. The underlying algorithm will be continually updated and reviewed to ensure consistent performance.

Actual cannot guarantee any level of investment return, and all investing carries an inherent risk of financial loss. When evaluating risk, financial loss may be viewed differently by each Client and may depend on many different risk factors, each of which may affect the probability of adverse consequences and the magnitude of any potential losses.

The following enumerated risks may not be all-inclusive but should be considered carefully by a prospective Client before retaining Actual's services.

Market Risk – The price of any security or the value of an entire asset class can decline for a variety of reasons outside of Actual's control, including, but not limited to, predicted or unpredicted changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, changing interest rates, regulatory changes, and domestic, foreign, or global political, demographic, or social events. If a Client has a high allocation in a particular asset class it may negatively affect overall performance to the extent that the asset class underperforms relative to other market assets. Conversely, a low allocation to a particular asset class that outperforms other asset classes in a particular period will cause that Client account to underperform relative to the overall market.

Advisory Risk – There is no guarantee that Actual's judgment, models, or investment decisions about particular securities or asset classes will necessarily produce the intended or expected results. Actual's judgment may prove to be incorrect, and a Client might not achieve his investment objectives. Actual may also make future changes to the investing algorithms and advisory services that it provides. In addition, it is possible that Clients or Actual itself may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to Actual's software-based or web-based financial advisory service. Actual and its representatives are not responsible to any Client for losses unless caused by Actual breaching its fiduciary duty.

Volatility and Correlation Risk – Clients should be aware that Actual's asset selection process is based in part on historical performance and volatility of returns in order to estimate expected returns and risk. However, it is possible that different or unrelated asset classes may exhibit similar price changes in similar directions which may adversely affect a Client, and such movements may become more acute in times of market upheaval, high volatility, or limited liquidity. Past performance is no guarantee of future results, and any historical returns, expected returns, risk forecasts, or probability projections may not reflect actual future performance or

realized risk.

Liquidity and Valuation Risk – High volatility and/or the lack of deep and active liquid markets for a security may prevent a Client from selling his securities at all or at an advantageous time or price because Actual and the Client's Broker may have difficulty finding a buyer and may be forced to sell at a significant discount to market or previously quoted value. Some securities (including ETFs) that hold or trade financial instruments may be adversely affected by liquidity issues as they manage and rebalance their portfolios. While Actual values the securities held in Client accounts based on reasonably available exchange-traded security data, Actual may from time to time receive, display, or use inaccurate data, which could adversely affect security valuations, transaction size for purchases or sales, and/or the resulting advisory fees paid by a Client to Actual.

Credit Risk – Actual cannot control and Clients are exposed to the risk that financial intermediaries or security issuers may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy, or insolvency, any of which may affect portfolio value or management. This risk applies to assets on deposit with any broker or other custodian utilized by Client, notwithstanding asset segregation and insurance requirements that are beneficial to Clients generally. In addition, exchange trading venues or trade settlement and clearing intermediaries could experience adverse events that may temporarily or permanently limit trading or adversely affect the value of Client securities. Finally, any issuer of securities may experience a credit event that could impair or erase the value of the issuer's securities held by a Client directly or through an exchange-traded product such as an ETF. Actual seeks to limit credit risk from fund issuers by generally adhering to the purchase of ETFs, which are subject to regulatory limits on asset segregation and leverage such that fund shareholders are given liquidation priority versus the fund issuer; however, certain funds and products may involve higher issuer credit risk because they are not structured as a registered fund.

Legislative and Tax Risk – Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization, and/or tax reporting obligations (particularly for ETF securities dealing in natural resources). Except for limited cases, Actual does not engage in financial or tax planning, and in certain circumstances a Client may incur taxable income on his investments without a cash distribution to pay the tax due.

Foreign Investing and Emerging Markets Risk – Foreign investing involves risks not typically associated with U.S. investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social, and economic developments affecting one or more foreign countries. In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors not present in the U.S., such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than U.S. accounting practices, and foreign regulation may be inadequate or irregular.

Inflation, Currency, and Interest Rate Risks – Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to decline relative to future purchasing power and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. The liquidity and trading value of foreign currencies could be affected by global economic factors, such as inflation, interest rate levels, and trade balances among countries, as well as the actions of sovereign governments and central banks. Adverse changes in currency exchange rates (relative to the U.S. dollar) may erode or reverse any potential gains from investments in securities denominated or exposed to a foreign currency, or may widen existing losses.

Tax-Loss Harvesting – Eligible Clients who activate Actual's tax-loss harvesting service are alerted to the following risks:

Be aware that if you and/or your spouse have other taxable or non-taxable accounts, and you hold in those accounts any of the securities (including options contracts) held in your Actual account, you cannot trade any of those securities 30 days before or after Actual trades those same securities as part of the tax-loss harvesting strategy to avoid possible wash sales and, as a result, a nullification of any tax benefits of the strategy. For more information on the wash sale rule, please read Internal Revenue Service ("IRS") Publication 550.

You should confer with your personal tax advisor regarding the tax consequences of investing with Actual and engaging in the tax-loss harvesting strategy, based on your particular circumstances. You and your personal tax advisors are responsible for how the transactions in your account are reported to the IRS or any other taxing authority. Actual assumes no responsibility to you for the tax consequences of any transaction.

Actual's tax-loss harvesting strategy is not intended as tax advice, and Actual does not represent

in any manner that the tax consequences described will be obtained or that Actual's investment strategy will result in any particular tax consequence. The tax consequences of this strategy and other Actual strategies are complex and may be subject to challenge by the IRS. This strategy was not developed to be used by, and it cannot be used by, any investor to avoid penalties or interest.

When Actual replaces investments with "similar" investments as part of the tax-loss harvesting strategy, it is a reference to investments that are expected, but are not guaranteed, to perform similarly and that might lower a Client's tax bill while maintaining a similar expected risk and return on the Client's portfolio. Expected returns and risk characteristics are no guarantee of actual performance.

Restricted Securities – Clients must notify Actual of specific restricted securities the Client is prohibited from investing in. If a Client instructs Actual not to purchase certain restricted securities, Actual will select an alternate security to purchase on the Client's behalf. The Client must notify Actual immediately if the Client considers any investments recommended or made for a Client's account to violate any restrictions applicable to the Client.

## **ETF Risks**

As noted, Actual constructs a Client's portfolio from ETFs. ETF performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because (i) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; (ii) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and (iii) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depositary Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations or valuation may be limited or inaccurate.

Clients should be aware that to the extent they invest in ETF securities they will pay two levels of advisory compensation – advisory fees charged by Actual plus any management fees charged by the issuer of the ETF. This scenario may cause a higher advisory cost (and potentially lower investment returns) than if a Client purchased the ETF directly.

An ETF typically includes embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Expenses of the fund may include investment adviser management fees, custodian fees, brokerage commissions, and legal and accounting fees.

ETF expenses may change from time to time at the sole discretion of the ETF issuer. ETF tracking error and expenses may vary.

### **Voting Client Securities**

Actual does not accept authority to vote Client securities and it does not respond to class action suit inquiries. Clients should expect to receive requests for proxy voting or other solicitations directly from the Wrap Fee Broker. Should Actual receive any request for proxy voting or other solicitation on a behalf of a Client, it will forward such request to the Client for the Client's determination and handling.

## **Item 7 – Client Information Provided to Portfolio Managers**

Actual monitors Client accounts on an ongoing basis to ensure that the Client's custom investment strategy is being diligently pursued in compliance with all applicable laws, rules and regulations. Actual will contact Clients on a quarterly and annual basis to remind them to review and update the profile information they previously provided. This updated information will be used to create a new financial plan, and the Client's investment strategy will shift accordingly. These communications will be handled through automated emails and account messages, supervised directly by Actual's executive team.

On a monthly basis, Actual's Chief Executive Officer (CEO) conducts separate reviews related to the ETFs used for Client portfolios. The CEO has the authority, if it deems necessary, to take action up to and including the removal, addition or replacement of an ETF, from the portfolios advised by Actual.

## **Item 8 – Client Contact with Portfolio Managers**

All client contacts and communications regarding participation in the Wrap Fee Program will occur through contact with Actual via email or the website at [www.actual.money](http://www.actual.money). Actual will promptly make any changes to client's investment objectives and financial situation.

## **Item 9 – Additional Information**

### **Disciplinary History**

Actual has not been subject to any disciplinary events by regulators nor is it party to any legal events that are material to client evaluation of our advisory business.

### **Other Financial Industry Activities and Affiliations**

Currently, Actual is not a broker dealer. However, Actual may register as a broker dealer in the future. Paul Hance, CEO, is a Fellow of the Society of Actuaries (FSA) and a Chartered Financial Analyst (CFA).

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

Actual acts as a fiduciary towards the Client, and therefore puts Client interests first and foremost. Actual has adopted a Code of Ethics consistent with SEC Rule 204A-1. Clients may request a copy of Actual's Code of Ethics by emailing the Chief Operations Officer at [tim.hance@actual.money](mailto:tim.hance@actual.money).

Actual does not recommend to Clients, or buy or sell for Client accounts, securities in which Actual or a related person have a material financial interest. Since Actual is committed to providing the best possible investment advice to Clients, employees of Actual may, consistent with their fiduciary obligations to Clients and Actual's Code of Ethics, invest in the same securities (i.e., ETFs) recommended to Clients. However, all Client investment advice is procedurally generated by Actual's algorithm, and individual employee investments have no bearing on the algorithm's calculations.

### **Review of Accounts**

Client accounts are monitored on an ongoing basis through automated software to ensure that the Client's custom investment strategy and financial plan are being adhered to. The Chief Executive Officer will undertake to review each Client account on a monthly basis to ensure that the automated rebalancing and investing is functioning as expected. Actual may conduct a non-periodic review if there is an external occurrence that would necessitate a review, or if there is a defect in any part of the underlying model discovered. Clients are able to access a report of their account online at any time by logging into their account at [www.actual.money](http://www.actual.money).



## **Client Referrals and Other Compensation**

Actual may receive a referral fee from providers of investment products recommended to Clients as part of their comprehensive financial plan. Products are recommended to Clients by Actual's software only if they are in the Clients' best interest, and no employee of Actual has any discretion over whether, or to what extent, any financial product provided by a third party is recommended to Clients.

Actual may run promotional campaigns to attract Clients to open accounts with Actual. These promotions may include additional services or products offered on a limited basis to select Clients, more favorable fee arrangements, and/or reduced or waived advisory fees for Clients.

In addition, Actual may offer advisory clients a reduction or waiver of advisory fees, or a cash payment, for referrals of friends and family. Actual may also enter into referral agreements with third party investment advisers whereby Actual pays a portion of the wrap fees paid by the referred Clients to such third party investment advisers. As a result of this referral fee, such third party investment advisers have a financial incentive to recommend Actual's wrap fee program over other programs or services. Clients are not charged any fee nor do they incur any additional costs for being referred to Actual by a current Client or any other person. Other than as stated above, Actual, or any related person, does not otherwise, directly or indirectly, compensate any person who is not our supervised person for Client referrals.

These arrangements may create an incentive for a third party or other existing Client to refer prospective Clients to Actual, 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 Actual if doing so would result in eligibility to receive an incentive, bonus or additional compensation.

## **Financial Information**

Actual does not require nor solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance, and therefore does not need to include a balance sheet with this brochure.

Actual does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Clients.

Actual has not been the subject of any bankruptcy petition.