

## Item 1: Cover Page

# Beanstox Inc.

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Form ADV Part 2A  
Wrap Fee Brochure  
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This brochure provides information about the qualifications and business practices of Beanstox Inc. (hereinafter “Beanstox”), a registered investment adviser. Registration does not imply a certain level of skill or training but only indicates that Beanstox has registered its business with state and federal regulatory authorities, including the United States Securities and Exchange Commission. If you have any questions about the contents of this brochure, please contact us at [support@Beanstox.com](mailto:support@Beanstox.com) or at (617) 878-2102. 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 Beanstox is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Material Changes

None.

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## Item 4: Services, Fees and Compensation

### General Information

Beanstox Inc. (“Beanstox”), a limited partnership organized under the laws of Delaware, is a provider of Internet-based automated investment service, registered with the Securities and Exchange Commission (“SEC”). Beanstox maintains its principal office at 1010 Sherbrooke Street West, Suite 2510, Montreal, Quebec H3A 2R7 Canada. If you have any questions regarding the material contained herein, please contact Beanstox via email at [support@Beanstox.com](mailto:support@Beanstox.com) or via telephone at (617) 878-2102.

### Program Description

Beanstox offers a service (“wrap fee program” or the “program”) that enables U.S. domestic investors and international investors (the “Clients”) an easy way to invest in the United States equity and bond markets through ETFs and stocks, using the Beanstox internet-based mobile application to access the Beanstox automated investment service. The Beanstox investment service was designed using a combination of Modern Portfolio Theory (MPT) and investment experience to provide Clients with access to cost-effective professional portfolio management services.

Our investment process includes evaluating each Client’s financial profile, investment goals, and risk tolerance, then applying our quantitative method to develop 1) a proposed portfolio asset mix, followed by 2) building a proposed portfolio using Exchange Traded Funds (“ETFs”). We allow Clients to indicate preferences, if any, for investing in 1) categories including international assets, specific themes, and 2) specific stocks selected from a curated list of large cap U.S.-listed stocks selected by Beanstox. The preferences indicated by the Client, if any, are then considered in making limited adjustments to the initial proposed portfolio.

Once the portfolio is determined and the Client account is funded, appropriate orders are placed with the broker-dealer selected by Beanstox, to execute the transactions.

Beanstox will generally aim to initiate all trade orders in a timely manner, however Clients should be aware that at times order execution may be delayed either due to market conditions or to permit bundling of trades to achieve scale and cost efficiencies. Under these instances, Beanstox reserves the right to delay trade executions at its discretion.

Beanstox will primarily rely on the internet-based mobile application to interface with Clients, as well as the Beanstox website to provide information regarding personal finance and investing. Investments will be denominated primarily in USD for simplicity and ease of understanding by Clients. Beanstox enables cost-effective money transfers by Clients using ACH transfers from the bank accounts selected by Clients.

### Asset Selection

The Beanstox investment service provides Clients with a proposed portfolio built using ETFs, as well as the choice of stocks Clients can select from the list curated by Beanstox.

Beanstox selects ETFs as the investment selected for each asset class it considers important, using selection criteria for each ETF including the ETF portfolio definition, diversification, trading liquidity, and cost. The asset classes considered important include U.S. equities (e.g. large cap, midcap, small cap, technology and REITs), International equities, Fixed Income (e.g. government bonds and corporate bonds) and Commodities.

Beanstox also provides Clients flexibility to select themes in which to invest a certain percentage of the portfolio, such as robotics, emerging markets, and socially responsible investing, using ETFs selected by Beanstox.

Beanstox provides Clients additional flexibility to invest a certain percentage of the portfolio directly in selected stocks, chosen from a list curated by Beanstox that includes up to 100 of the largest U.S. listed stocks based on market capitalization.

The ETFs and stocks that Beanstox selects may change due to market conditions and other reasons, in which case Beanstox may divest Clients of the deleted securities and reinvest in the securities selected as replacements.

## Investment Strategy

Investment strategy includes evaluating Clients' financial profile, investment goals and risk tolerance.

Generally, Clients with lower risk tolerance will have proposed portfolios with lower risk profiles and lower expected returns. Information provided by Clients is important to the investment process, and in developing portfolios for each Client. The investment process uses Modern Portfolio Theory ("MPT"), which provides a framework for evaluating asset allocation, and expected portfolio return relative to portfolio risk. Portfolio management services, based on MPT, have historically been available mostly to high net worth investors who can meet large minimum account sizes and are willing to pay substantial management fees. Beanstox aims to provide a wide range of Clients with access to cost-effective professional portfolio management services.

## Risk Considerations

Clients must understand that investing in securities involves risk and the possibility of financial loss that can be caused by various factors, including changes in economic and market conditions. Beanstox does not guarantee that Clients will avoid loss in the value of their investments nor guarantee any level of investment income or performance.

## Program Fees

Beanstox provides Clients the choice of a self-directed investment service, Beanstox Digital, and an automated investment service, Beanstox Prime, accessible using the Beanstox mobile investment application.

Beanstox Digital provides access to investment information and the ability to trade securities for one cent per share for Clients who elect the monthly subscription service for \$4.99/month. Clients who do

not select the subscription service will be charged \$2.98 per trade (paid to our brokerage services partner, DriveWealth LLC) and will have access to only some Beanstox investment information.

Beanstox Prime provides Clients access to investment information and personalized investment advisory services on a subscription basis for \$4.99/month, and an annual wrap fee of 0.25% on the net market value of Client account balances, which wrap fee is currently waived on Client account balances up to \$25,000. Clients will not be charged additional fees for costs associated with portfolio management, custody, account maintenance and trade execution (except for those related to foreign exchange or third-party asset fees).

Beanstox Prime Clients will be charged annual wrap fees according to account assets under management (AUM) as follows:

Client AUM	Annual Fee on AUM
Up to \$25,000	0.00%
Above \$25,000	0.25%

Clients should consider that, depending on the amount of activity in a Client's account and the value of custodial, trade execution, advisory, and other services that are provided under the arrangement, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately or by others. Clients who request special or additional services may be charged for such services. Clients should also consider that Beanstox revenue received and costs incurred are different for Beanstox Digital than for Beanstox Prime, which may give Beanstox a financial incentive to recommend the higher priced plan. Although the fees are not negotiable, Beanstox may, at its sole discretion, waive portions of its fees or offer fees to some accounts that differ from the standard fee schedules referenced above. Clients should consider that Beanstox Digital Clients may be offered free-of-charge supplementary services that are similar to the services received by Beanstox Prime Clients. Clients should therefore inquire about services offered to Clients of Beanstox Digital before selecting Beanstox Prime.

Beanstox subscription fees will be charged monthly or quarterly, as selected by the Client, and Beanstox asset-based fees are calculated as a prorated market value of Client account average daily balance, and charged in arrears at the end of each month. Beanstox will automatically debit applicable fees from the Client's credit card on file on a monthly basis in arrears.

## Fund Fees and Expenses

All fees paid to Beanstox for investment advisory services are separate and distinct from, and in addition to, the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in the prospectus of each mutual fund and ETF. These fees are generally composed of a management fee and other fund expenses. Beanstox does not earn or receive a portion of such fees.

## Trade Execution, Account Maintenance, and Asset Custody

Clients agree to delegate to Beanstox the selection of service providers for brokerage and custody services. Beanstox has entered into an agreement with DriveWealth, LLC ("DriveWealth") to serve as

custodian for Beanstox Client accounts. Clients agree to direct brokerage orders in their accounts to DriveWealth. Beanstox does not receive payment for order flow related to these orders.

DriveWealth will ultimately be responsible for confirmations and statements. Beanstox will independently confirm that the Client information found in the broker-dealer statements matches information found in Beanstox's internal database.

### Other Information about Beanstox's Portfolio Management

Beanstox manages all Client assets on a discretionary basis. As of February 28, 2018, Beanstox has \$0 under management. Beanstox's fees are not charged on the basis of a share of capital gains or capital appreciation of the portfolios or any portion of the assets of an advisory Client. Beanstox does not accept authority to vote Client securities.

### Termination of Advisory Relationship

A Client Advisory Agreement may be canceled at any time, by either party, for any reason upon notice in accordance with the terms of the Advisory Agreement. Upon termination of an Advisory Agreement, any earned, unpaid fees by Beanstox will be due and payable. The Client has the right to terminate an Advisory Agreement without penalty within five business days after entering into the Advisory Agreement.

### Privacy Policy

Beanstox is committed to protecting our Clients' private information. Beanstox has instituted policies and procedures to ensure that customer information is kept private and secure. Beanstox does not disclose any non-public personal information about its Clients or former Clients to any non-affiliated third parties except as required by or permitted by law or agreed to by the Client or as otherwise disclosed in Beanstox's Privacy Policy. In the course of servicing a Client account, Beanstox may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and attorneys. Beanstox restricts internal access to non-public personal information to those employees who need access to such information in order to provide products or services to a particular Client. Beanstox also maintains physical, electronic, and procedural safeguards to protect Client information. A copy of the Beanstox's Privacy Policy is available on the Beanstox website.

## Item 5: Account Requirements and Types of Clients

Beanstox services are available to individuals, trusts, employer-sponsored plans, and other legal entities (subject to Beanstox's approval) who are U.S. residents or Non-U.S residents as permitted by the residents' jurisdiction. Although there is no minimum account size to maintain a Beanstox account, the minimum initial deposit is \$100. Clients who decide to use Beanstox's software-based financial advisor services should be aware that Beanstox's relationship with Clients is likely to differ from the traditional financial advisor relationship in several respects:

1. Beanstox is a software-based financial advisor which means each Client must acknowledge having the ability and willingness to conduct a relationship with Beanstox on an electronic basis. Under the terms of an Account Opening Agreement with Beanstox (the "Account Opening Agreement"), each Client agrees to receive all account information and account documents (including this Brochure), and any updates or changes to same, through the Beanstox mobile internet application and electronic communications from Beanstox. Unless noted otherwise by Beanstox, on Beanstox's website or in this Brochure, Beanstox's advisory services, the signature for an Advisory Services Agreement by the Client (the "Advisory Agreement"), and all documentation related to advisory services provided by Beanstox, are managed electronically. Beanstox does make individual representatives available to discuss matters with Clients.
2. In order to provide advisory services to Clients, Beanstox collects information from each Client, including specific information about each Client's financial profile and investment objectives. Beanstox maintains this information in strict confidence subject to its Privacy Policy, which is provided by Beanstox on its mobile application and its website. In providing advisory services, Beanstox relies on the accuracy of information received from the Client. Although Beanstox may contact Clients periodically to ensure accuracy of Client information, the Client must promptly notify Beanstox of any change of the information previously provided by the Client to Beanstox, including information regarding investment objectives that could influence portfolio allocations.



## Item 6: Portfolio Manager Selection and Evaluation

Beanstox directly manages the portfolios of all Clients pursuant to the Advisory Agreement.

## Item 7: Client Information Provided to Portfolio Managers

Beanstox does not share Client information with other portfolio managers. Beanstox manages all Client portfolios directly.

## Item 8: Client Contact with Portfolio Managers

Clients may contact Beanstox by email at any time at [support@Beanstox.com](mailto:support@Beanstox.com) or at (617) 878-2102. during support hours.

## Item 9: Additional Information

### Beanstox's Disciplinary History

Beanstox 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.

### Beanstox's Financial Industry Activities and Affiliations

None of Beanstox's management persons are registered or have an application pending to register as:

1. a broker-dealer or a registered representative of a broker-dealer,
2. a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing.

### Beanstox's Code of Ethics

Beanstox maintains a code of ethics that requires all officers and employees to conduct themselves with the highest standards of honest conduct and business ethics in all aspects of their activities concerning Beanstox and Beanstox Clients. A copy of Beanstox's Code of Ethics is available to Clients and prospective Clients upon request by contacting [support@Beanstox.com](mailto:support@Beanstox.com) or (617) 878-2102.

### Participation in Client Transactions and Personal Trading

Beanstox or individuals associated with Beanstox may buy or sell securities identical to or different than those recommended to Clients for their personal accounts. In addition, any related person(s) may have an interest or position in certain securities which may also be recommended to a Client. It is the express policy of Beanstox that no person employed by Beanstox may use material, non-public information obtained during the course of their work to purchase or sell any security prior to any pending transaction(s) being executed for an advisory account. This policy is intended to prevent employees from benefiting from transactions placed on behalf of advisory accounts.

### Review of Accounts

Beanstox's investment tools are intended for Clients' use in order for Clients to review their account and better understand their holdings and performance. Beanstox personnel conduct only limited, non-periodic individual reviews of Client accounts, when triggered by certain investment activity and account settings.

### Client Referrals and Other Compensation

Beanstox currently does not have a Client referral program and does not receive other compensation.

## Financial Information

To the best of Beanstox's knowledge, Beanstox is not aware of any financial condition that is reasonably likely to impair Beanstox's ability to meet its contractual commitments to its Clients.