



**EMCEE INVEST, INC.**

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Performance Fee Program  
Brochure

**June 6, 2018**

This performance fee program brochure provides information about the qualifications and business practices of EMCEE INVEST, INC., doing business as or otherwise known as EMCEE (“EMCEE”). If you have any questions about the contents of this brochure, please call EMCEE at [858-663-0293] or email EMCEE at [asady@emceeinvest.com](mailto:asady@emceeinvest.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. EMCEE is an investment adviser registered with the SEC. Registration does not imply a certain level of skill or training.

Additional information about EMCEE is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

This Performance Fee Program Brochure (“Brochure”) is dated June 6th, 2018. The following information provides a summary of material changes that have been made to this Brochure since the last annual update:

[No Changes]

The foregoing is only a summary of the material changes to the Brochure. It does not purport to identify every change to the Brochure since the last annual update filing. This summary of material changes is qualified in its entirety by reference to the full discussion in the Brochure. Clients (as defined below) are encouraged to read the Brochure in detail and contact EMCEE with any questions.

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***Important Information:*** Throughout this Brochure, EMCEE INVEST, INC. shall also be referenced by its business name “EMCEE,” or “the firm,” “our,” “we,” or “us.” Clients of the firm may be referred to as “you,” “your,” or similar. In addition, the term “advisor” and “adviser” are used interchangeably.

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

### **Introduction**

The primary focus of EMCEE is to provide non-discretionary investment advisory services, which are offered to advisory clients (each a “Client,” and collectively, “Clients”) as well as to prospective clients of the firm via web-based solutions and online informational resources. EMCEE helps Clients build smarter financial habits and manage wealth by providing financial education, tools and guidance, as well as by simplifying and optimizing the way Clients trade and invest in assets. EMCEE is registered with the United States Securities and Exchange Commission (“SEC”) and provides all investment advisory services exclusively through virtual interaction conducted over the Internet. EMCEE does not offer financial planning services, tax advice, or legal advice.

EMCEE is a privately held company headquartered in New York, New York. EMCEE was formed in May 2017 and was created to serve as an investment advisory business. Information about EMCEE’s organizational and ownership structure, as described in more detail further below, and its directors is provided on Part 1 of EMCEE’s Form ADV which is available online at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

EMCEE has an arrangement with TradeIt, (“TradeIt”), a New York corporation and multi-broker API infrastructure unaffiliated with EMCEE, through which Clients send self-directed messages to his or her broker-dealer with which he or she has an active account. All orders are accepted, routed and executed by the brokerage firms, and TradeIt is not responsible for the order routing or execution of any transaction. Brokerage services are provided through the Clients’ broker-dealer. Additional information about this entity and their services, as well as the benefits EMCEE receives from them is noted in greater detail further below and in Item 9 of this Brochure.

Interested parties may access our website where they are offered our current Brochure that describes the firm, its services, potential fees, etc., as well as any material conflicts of interest that could be reasonably expected to impair the rendering of unbiased and objective advice. Our privacy policy is also provided for reference on our website. Both the Brochure and the privacy policy are available to interested parties for their download and/or printing.

## **Program Description**

This Brochure relates to the performance fee program offered by EMCEE that is based on a percentage of Clients' capital appreciation (such program, the "Program"). The Program is designed to increase access to financial education, tools and guidance that simplifies investing and inspires a long-term outlook on financial progress by partnering with Clients to support them in identifying investment opportunities that align with their financial objectives, digital footprint, expressed interests, and buying habits and in building well-balanced, diversified portfolios that account for the appropriate risk-reward while also reflecting goals, interests, and beliefs henceforth encouraging long run, productive engagement with capital markets.

EMCEE interacts with Clients primarily through a technology stack developed and maintained by EMCEE that is available through EMCEE's website and mobile application (collectively, the "Application"). The Program provides investment advisory services to Clients solely through the Application and does not provide investment advice in person, over the phone, in live chat, or in any other manner other than through the advisory services available on the Application.

Clients are required to enter into an investment advisory agreement with EMCEE ("Advisory Agreement"), which further details the services Clients will receive, the fees charged to Clients, and the conditions of the Client's relationship with EMCEE. Your participation in the Program also requires that you have a pre-established brokerage account and enter into an agreement whereby TradeIt will act as an intermediary between the Application and the clearing broker and qualified custodian for your brokerage Account, and the Clients' brokerage firm will act as the introducing broker-dealer ("Customer Agreement"). Under the terms of the Customer Agreement, you authorize TradeIt to introduce all trades and transactions from EMCEE to TradeIt and authorize TradeIt to establish and carry your brokerage account that holds your securities and cash and records your transactions in the Program. TradeIt may combine orders for purchases or sales for multiple Advisory Accounts.

## **Investment Advice**

As part of the Program, EMCEE, through the Application and as further explained below, will:

- Review your present financial situation (as you report it through the Suitability Questionnaire as defined below);
- Provide financial educational content;
- Provide Recommendations (as defined below) based on your risk score, which takes into consideration your risk tolerance, investment objectives, and investment time horizon;
- Provide Clients with Investment Idea(s) or Trade Idea(s), allow Clients to interact with other Clients. In particular, the application has a virtual "Marketplace" (the "Marketplace") which allows Clients to subscribe to portfolios, publications, simultaneously trade with ("Copy Trading" or "Synchronized Trading") and/or purchase investment idea(s) from other Clients through the Marketplace.
- Create a portfolio ("Album") and invite and encourage other Clients to fund that portfolio ("Album") for simultaneous trading. The creator of a portfolio is allowed to manage the allocations of portfolio(s) they create, thus controlling the allocation of other Clients' portfolio(s).

- Allow each Client to create and maintain a Profile which is, in essence, a social media-style profile comprising of posts corresponding to the Client's activities such as publishing an article, blog, creating a Webcast, creating a portfolio, etc. Clients can view the profile of other Clients. A Client can also subscribe ("Track") to be notified of updates from another Client.
- Monitor and track assets under management; and
- Provide statements and confirmations of any activity completed on the app. Any further information will be provided to the user from their own brokerage account.

EMCEE does not create investment portfolios, provide strategic or tactical asset allocation models, rebalance portfolios, or otherwise manage brokerage accounts for Clients on a discretionary basis. EMCEE, through the Application, provides non-discretionary investment advice to each Client, and each Client is solely responsible for implementing any such advice. Clients make contributions to their brokerage accounts, after which they are responsible for directing purchases and sales of specific investment alternatives.

Clients utilize the Application to access automated and curated guidance from EMCEE, which helps them learn about investing, build healthy saving and investing habits, and create and manage an investment portfolio designed to meet their applicable investment objectives and time horizon with respect to their financial and investment risk tolerance, as well as to align their portfolio with their goals, interests, and beliefs. The investments offered through the program (“Investments”) consist of unaffiliated exchange-traded funds (“ETFs”), single stock equities (“Single Stocks”), EMCEE’s process for selecting Investments (discussed in greater detail further below) is designed to make available to Clients a diverse array of Investments from across various asset classes, industry sectors, and risk-adjusted return bands. EMCEE reserves the right to change, in its sole discretion and from time to time, without prior notice to Clients the number of Investments it deems appropriate to address the investment guidelines of Clients and the available Investments. EMCEE does not currently offer any affiliated investment products through the Program.

Each Client inputs personal information, including age, financial resources, and investment goals and objectives via an interactive questionnaire presented by the Application as part of each Client’s registration process (“Suitability Questionnaire”). Based on certain of the information provided by the Client via the Suitability Questionnaire and the data gathered from the social media profile(s) the Client permits the Application to access, the Application uses an algorithm (“Risk Score Algorithm”) to analyze risk information and provides the Client with access to a curated list of suitable Investments and investment recommendations regarding diversification and portfolio construction (such Investments and investment recommendations, “Recommendations”). While EMCEE is responsible for maintaining the Risk Score Algorithm, EMCEE does not override the Risk Score Algorithm to provide an alternative Recommendations to any particular Client, whether based on any additional criteria provided by the Client, market and/or economic conditions, or otherwise. Clients should understand that the Risk Score Algorithm relies upon answers to questions relating to risk tolerance, investment objectives, and investment time horizon provided through the Suitability Questionnaire and that such answers serve as inputs to the Risk Score Algorithm the output of which results in a risk score that coincides with certain Recommendations. However, Clients should also understand that EMCEE does not utilize the entirety of all information provided by the Client in providing investment advice. Furthermore, EMCEE does not consider any additional information about the Client not covered in the Suitability Questionnaire in making Recommendations. The Application provides the ability to view the portfolio performance of other Clients and recommends portfolios based on social media data and Risk Score Algorithm output that relies on information provided by the Client as part of the Suitability Questionnaire.

While Clients are limited to purchases in Investments made available to them when participating in the Program, they are not required to follow all Recommendations. Clients may, subject to certain restrictions, implement investment decisions and/or strategies within the Application that do not coincide with the Recommendations. Furthermore, Clients may cause the

Risk Score Algorithm and to generate new Recommendations at any time by revising the information they provide through the Suitability Questionnaire. The Risk Score Algorithm and the data gathered from the social media profile(s) the Client permits the Application to access are solely responsible for determining the Recommendations provided to each Client based on information provided by such Client. Clients are responsible for updating their information through the Application promptly should there be any changes in answers to questions in the Suitability Questionnaire.

The Recommendations provided to each Client have been identified by EMCEE to coincide with specific investment guidelines including risk tolerance, investment objectives, investment time horizon, Clients' social media data made accessible by the Application, and expressed interests. While Clients may pursue investment strategies outside the scope of the Recommendations, each Client is solely responsible for any decision to invest by utilizing any investment strategy made possible through use of the Application. However, Clients should carefully review and consider the information available on the Application about each Recommendation, in any applicable ETF prospectus, and in any applicable public company filing or report before making any investment decision. Clients who implement an investment decision that is outside the scope of any Recommendation should understand that such decision may not be suitable based on the Client's risk score and that the Client's portfolio may perform worse over any time horizon than a portfolio built according to any Recommendation or any other investment strategy.

The ETF, Single Stock shares, purchased or sold on behalf of a Client and/or held in a EMCEE Account may be either whole shares or fractional shares, depending upon the amounts a Client invests in any particular ETF, Single Stock, . EMCEE enables Clients to invest in dollar-based quantities, whereby a Client can buy a fixed dollar amount rather than whole shares. TradeIt routes all dollar-based purchases, and the Clients' brokerage firm places the fractional share orders for executions.

To the extent that TradeIt trades fractional shares of any ETF, Single Stock, or on behalf of Clients, it does so by allocating any excess fractional shares to the Client's brokerage's fractional facilitation account (if the Client's brokerage account has fractional shares capability). EMCEE and TradeIt each reserves the right, at any time and each in its sole discretion, without prior notice to Clients, to change the details of the policies and procedures governing the mechanics of trading fractional shares, including, without limitation, allocation calculation and rounding procedures. Fractional shares are typically unrecognized and illiquid outside of a Client's brokerage account and, as a result, fractional shares may not be marketable or transferrable to another brokerage account that does not offer fractional shares. In the event of a liquidation or transfer of the assets in a Client's brokerage account to another account, EMCEE may convert such fractional shares to cash.

## **Fees**

The Program charges a "advisory" fee, which is structured as a single per-account fee that covers the investment advisory services provided by EMCEE. The EMCEE Fee is generally not negotiable, and EMCEE reserves the right to discount or waive any fees associated with the Program in its sole discretion.



### Taxable Accounts (non-IRAs)

The minimum EMCEE Account opening balance is dependent upon account minimums established by a Client's brokerage firm. The EMCEE Fee is not prorated for partial months. However, any EMCEE Fee prepaid more than a month in advance is rebated to the Client at the time of EMCEE Account termination.

For brokerage accounts invested in EMCEE recommended portfolios with capital gains of greater than \$1.00 in the subject month, EMCEE charges a monthly fee of 10% of the gains above the principal amount of the EMCEE Account. The EMCEE Fee is charged monthly, in arrears, and will be billed on or near the monthly anniversary date on which the particular EMCEE Account was opened. The EMCEE Fee will be calculated as the time weighted return of the EMCEE recommended portfolio. For brokerage accounts that have not made a return above the principal balance deposited or that have suffered losses, no EMCEE Fee will be applied.

For brokerage accounts with a balance less than the applicable EMCEE Fee, EMCEE will deduct the monthly EMCEE Fee from either the free cash balance in the brokerage and/or transfer the EMCEE Fee from the bank account the Client uses to fund their brokerage account (such bank account, a "Funding Account") and remit the EMCEE Fee directly to EMCEE.

Clients should understand that the Program was designed for frequent investing and therefore the fee structure might not be appropriate for individuals intending to make only a few and/or infrequent small dollar investments. The monthly fee for brokerage accounts with a balance of less than \$500.00 may constitute a significant fee on a percentage basis, depending on the amount a Client has invested. This may potentially be a greater fee than the Client would pay to other investment advisers that permit Clients to invest such an amount.

For brokerage accounts with portfolio gains of .01% or more, EMCEE and/or TradeIt will deduct the monthly EMCEE Fee from the brokerage account and remit the EMCEE Fee directly to EMCEE. The EMCEE Fee will be deducted from cash in the brokerage account or from funds resulting from the sale of investments in the brokerage account.

### Tax-Advantaged Accounts (IRAs)

EMCEE does not offer tax-advantaged accounts directly however Clients can trade through their own tax advantaged accounts through their own brokerage accounts.

### General Fee Provisions

Each time a Client uses the Program, such Client reaffirms his or her agreement that EMCEE may charge such Client's respective brokerage account, as applicable. In any event whereby EMCEE is unable to collect the EMCEE Fee from the Client's brokerage account, EMCEE may collect the EMCEE Fee from the Client's Funding Account. In the event EMCEE cannot collect the EMCEE Fee from a Client's Funding Account or brokerage account, EMCEE reserves the right to assess the EMCEE Fee in arrears and/or terminate the Client's access to the Program and/or the Application. Termination of any EMCEE account may be undertaken at EMCEE's sole discretion. Each Client may also terminate his or her respective EMCEE account at any time. Upon termination of a EMCEE account, assets are liquidated as soon as practicable and money is returned to the Client, if applicable. Once the EMCEE account termination process is initiated, EMCEE will no longer collect any EMCEE Fee for ongoing participation in the Program with respect to the applicable EMCEE account. EMCEE reserves the right to waive the

fee or any part thereof for any period for any Client in EMCEE's sole discretion. To this end, EMCEE may, from time to time, elect to launch programs or initiatives

whereby fees may be waived, in whole or in part, for certain Clients. Any such program or initiative (i) is entirely discretionary to EMCEE, and may be expanded, narrowed, suspended, cancelled or modified at any time by EMCEE, and (ii) will be subject to any rules, guidelines and/or terms and conditions created by EMCEE in connection therewith (which rules, guidelines and/or terms may be included in website landing pages, on EMCEE's website generally and/or elsewhere). To the extent any such program or initiative is cancelled or terminated, Clients will once again be charged the then-current fees on a going-forward basis. EMCEE shall have sole discretion in determining whether or not any existing Client or potential Client meets the requirements to participate in and/or benefit from any such program or initiative, and EMCEE shall not be liable to the Client or any other party in connection with any such decision and/or in connection with the administration of any such program or initiative generally.

Additionally, EMCEE may from time to time enter into agreements with third parties pursuant to which the third party may pay a portion or all of the EMCEE Fees of a particular group of Clients and may on occasion make direct or indirect contributions to the brokerage account and/or EMCEE Account of such Clients.

EMCEE believes the Advisory Fee is reasonable considering the quality and scope of the services we provide and the fees charged by other investment advisers offering similar services/programs. However, by participating in an advisory fee program, Clients may end up paying more or less than they would through a non-advisory fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to the Client by the executing broker. In that scenario, Clients would be responsible for any other fees charged by other parties including their own brokerage accounts. Clients could also invest in ETFs and stocks directly without an adviser's services. In that case, Clients would not receive the services provided by the adviser that are designed, among other things, to assist in determining which investments are appropriate for the Client.

The EMCEE Fee does not include most of the investment expenses that are typically paid by investors, such as: account maintenance expenses, investment advisory fees, and brokerage fees. Additionally, our fees do not include other related costs and expenses. A Client may incur certain charges imposed by custodians, and other third parties. These include transfer fees, administrative fees and other fees and taxes on brokerage accounts and securities transactions. ETFs also charge internal management fees, which are disclosed in the relevant fund's prospectus. EMCEE does not receive these fees or any other compensation from ETF fund managers. These fees are in addition to the advisory fee Clients pay to EMCEE.

Furthermore, subject to the terms of the Customer Agreement, other expenses may be charged in addition to the EMCEE Fee and for which Clients are independently responsible to the Client's broker-dealer, if incurred. EMCEE reserves the right to assume the expense of any such fees in its sole discretion. Clients should review all fees charged to fully understand the total amount of fees they will pay.

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

The EMCEE advisory fee program is designed to provide the Program to individuals who are United States ("US") citizens, legal US residents or non-resident aliens with eligible visa types, all of which must have a social security number and maintain a checking account with a US bank. Participation in the Program requires that the Client successfully complete a new account

application, including submitting various personally identifiable information required by US federal law.

There are no minimum account size requirements, but the minimum deposit is dependent upon account minimums established by a Client's brokerage. However, EMCEE reserves the right to impose a minimum account size or value in the future at its sole discretion.

EMCEE may not provide withdrawal functionality through the Application for all products, especially products. Where withdrawal functionality is not provided through the Application, EMCEE may require Clients to initiate or confirm withdrawals through the web or by calling its customer support team.

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

### **Portfolio Managers**

EMCEE does not utilize outside portfolio managers. Clients construct their own portfolios from the curated list of suitable Investments utilizing the Recommendations presented through the Application. ETFs themselves are managed by the relevant fund manager/sponsor. EMCEE does not manage, control or receive compensation from ETF managers.

EMCEE does not exercise discretion over Clients brokerage accounts, or Client assets. Clients are ultimately responsible for implementing the investment advice provided by the Application but are under no obligation to do so.

EMCEE reviews performance information provided by third party market data providers when selecting the list of suitable Investments and producing the Recommendations presented through the Application.

### **Advisory Business**

The primary focus of EMCEE is to provide non-discretionary investment advisory services through the Program. Please refer to Item 4 for information pertaining to our advisory business. Curated lists of Investments and Recommendations are provided in order to meet the investment guidelines of each Client, but Clients must ultimately implement investment decisions themselves.

### **Performance-Based Fees and Side-by-Side Management**

EMCEE does charge performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a Client.

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

Through qualitative and quantitative due diligence, EMCEE selects Investments to make available through the Application. EMCEE includes ETFs as part of the Program because of their transparency, liquidity, fee models and diversification.

The ETFs included in the Program represent an array of investment options across a broad range of:

- investment strategies (conservative, modest or aggressive balanced risk funds);
- asset classes (small, mid, large cap US equities, fixed income, real estate, commodities, international);
- industries (healthcare, defense, consumer); and
- Social beliefs (millennials, water focused, environmentally focused).

In EMCEE's due diligence and analysis process, EMCEE analyzes the funds' fees and performance using historical market data, risk metrics and other benchmarks.

EMCEE also includes Single Stocks in the Program but excludes penny stock and over the counter single stocks.

As part of the analysis and review process, EMCEE may add, remove, re-categorize or replace Investments available in the Program. In the event an Investment is removed, it will no longer be made available for additional investment. In the event an Investment is removed and replaced with another substantially similar Investment, EMCEE will liquidate Client positions to cash and recommend reinvestment in the replacement Investment. In the event an Investment is re-categorized from a suitability standpoint, the Investment will be liquidated to cash if the Investment no longer is suitable for the Client.

### **Investment Strategies**

EMCEE uses a proprietary process to help select the ETFs, and/or Single Stocks it recommends and/or makes available to each Client through the Application. Based on the application of EMCEE's proprietary process, which includes the analysis of Client supplied data on risk appetite, financial status, and accessible social media data, EMCEE recommends the investments that would be suitable for that particular Client. Thus, depending on a particular Client's risk tolerance, investment objectives, and investment time horizon, only a portion of the Investments included in the Program may be recommended to any particular Client. Once the spectrum of Investments is identified for inclusion in the Program, the Application makes Recommendations and makes available suitable Investments from among all of the Investments included in the Program. For taxable accounts, dividend reinvestment is not currently being implemented. EMCEE's Recommendations are designed to promote diversification and return, within the Client-specific risk tolerance, investment objectives, investment interests, available social media data, and investment time horizon.

### **Risk of Loss**

EMCEE does not guarantee any level of performance or that any Client will avoid losses in their account(s). Any investment in securities involves the possibility of financial loss. When evaluating risk, financial loss may be viewed differently by each Client and may depend on many different risk factors.

Clients need to understand that investment they make for their account are subject to various market, volatility, liquidity, ETF-specific and other risks inherent in investing. The investment

decisions Clients make based on EMCEE's services and application will not always be profitable nor can we guarantee any level of performance.

Clients need to remember that past performance is no guarantee of future results. All investments carry some level of risk. Clients may lose some or all of the money they invest, including their principal, because the value of their investments may fluctuate. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.

Before a Client invests, they should be sure to read the investment's prospectus and shareholder reports to learn about its investment strategy and any potential risks. Investments with higher targeted rates of return may take risks that are beyond an individual Client's comfort level and are inconsistent with each Client's financial goals.

While past performance does not necessarily predict future returns, it may indicate how volatile (or stable) an investment has been over a period of time. Generally, the more volatile a fund, the higher the investment risk. If a Client needs money to meet a financial goal in the near-term, that Client probably can't afford the risk of an investment with a volatile history because that Client will not have enough time to ride out any declines in the stock market.

### **Risks Associated with ETF Securities**

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 EMCEE plus any management fees charged by the issuer of the ETF. This scenario may cause a higher advisory cost (and potentially lower investment return) 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.

### **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 EMCEE 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 EMCEE or the account custodian values the securities held in Client accounts based on reasonably available exchange-traded security data, EMCEE or the account custodian 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 EMCEE.

### **Market Risk**

The price of any security or the value of an entire asset class can decline for a variety of reasons outside of EMCEE'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.

### **Volatility and Correlation Risk**

Clients should be aware that EMCEE'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.

### **Voting Client Securities**

As a matter of policy and practice, EMCEE does not have any authority to and does not vote proxies on behalf of Clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios. EMCEE instructs TradeIt to forward each Client copies of all proxies and shareholder communications relating to a Client's account assets. Further, EMCEE will not be required to take any action or render any advice with respect to any securities held in any brokerage account, which are named in or subject to class action lawsuits. EMCEE will, however, forward to the Client any information EMCEE receives regarding class action legal matters involving any security held in the brokerage account.

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

EMCEE has access to all Client information obtained by EMCEE with respect to the particular brokerage accounts for which EMCEE provides investment advice. The Application relies on the information

provided by the Client through the Suitability Questionnaire and through accessible and opted in social media data in order to provide investment advice including curated lists of Investments and Recommendations.

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

Clients may contact EMCEE's customer support team via email at [support@emceeinvest.com](mailto:support@emceeinvest.com) with respect to technical questions regarding the Application. However, EMCEE provides investment advice solely through the Application.

### **Item 9 - Additional Information**

#### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of EMCEE or the integrity of its management. EMCEE does not have any information to disclose concerning EMCEE or any of its management persons. EMCEE adheres to high ethical standards for all employees. EMCEE strives to do what is in the clients' best interests.

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

TradeIt provides services to support EMCEE per an intercompany agreement. These services may include brokerage services, customer technical support, marketing functions, operational support, and other types of services.

EMCEE is neither registered nor has an application pending to register as a Financial Industry Regulatory Authority (FINRA) member firm, nor are we required to be or to do so. We execute advisory client trades through TradeIt, through Client brokerage accounts, and the Client's brokerage account serves as their Custodian

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

#### **General Information**

EMCEE has adopted a Code of Ethics for all supervised persons of the firm describing its standards of business conduct, and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All of EMCEE's



supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended. The following acts are prohibited:

- Employing any device, scheme or artifice to defraud;
- Making any untrue statement of a material fact;
- Omitting to state a material fact necessary in order to make a statement, in light of the circumstances under which it is made, not misleading;
- Engaging in any fraudulent or deceitful act, practice or course of business;
- Engaging in any manipulative practices; and
- Participating in Client accounts.

EMCEE will provide Clients and prospective Clients with a copy of the firm's Code of Ethics upon request.

### **Participation or Interest in Client Accounts**

EMCEE may recommend securities to Clients that EMCEE has purchased for its own accounts. EMCEE's policy is to permit trading on behalf of EMCEE only during its trading windows when buying and selling for all accounts. This policy is meant to prevent EMCEE from benefiting as a result of transactions placed on behalf of advisory accounts. In no case, shall EMCEE put its own interests ahead of the interests of Clients. Transactions will be executed at an average price and will be allocated among the EMCEE Clients in proportion to the purchase and sale orders placed for each Client account on any given day during the relevant trading window as further described herein.

EMCEE has established restrictions in order to ensure its fiduciary responsibilities are met. No securities for EMCEE's personal portfolio(s) shall be bought or sold where this decision is substantially derived, in whole or in part, from the role of supervised persons of EMCEE, unless the information is also available to the investing public on reasonable inquiry.

EMCEE has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of certain of its employees. The policy requires that any person within the firm that has access to investment data of Clients must preclear any trades of securities available through the EMCEE Application prior to trading, unless the trade is executed through the EMCEE Application. Because trades through the EMCEE Application are aggregated and executed simultaneously, there is no opportunity for employees of EMCEE to obtain a benefit from their knowledge.

In addition, any of these employees with access to investment data of Clients must provide the Chief Compliance Officer or his/her designee with (i) a written report of their current securities holdings within ten days after gaining access, (ii) quarterly transaction reports and (iii) annual reports thereafter on a date EMCEE selects. In addition, employees with access to investment data of Clients must receive pre-approval from the Chief Compliance Officer if participating in limited offerings and/or initial public offerings.

### **Conflicts of Interest**

EMCEE employees and representatives may employ the same strategies for their personal investment accounts as the application does for Clients. As described above, employees have pre-clearance and trading limitations that preclude their doing so in a manner that disadvantages Clients.

In addition, EMCEE employees and representatives may have EMCEE Accounts. EMCEE's procedure is to treat any employee or related persons advisory account in the same fashion as unaffiliated Clients' accounts.

EMCEE has the ability to terminate an EMCEE Account at any time in its sole discretion, including an IRA, which could trigger the payment of a termination fee.

### **Review of Accounts**

EMCEE provides all Clients with continuous access via the Application to real time reporting information about their account status, securities positions and balances. Limited reviews of Clients brokerage accounts are conducted through the Application on a periodic basis, including providing automated alerts. Clients are encouraged to update the Suitability Questionnaire should there be a change in their particular circumstances.

### **Reports**

Clients can access their quarterly and, if applicable, monthly brokerage account statements provided by their brokerage accounts detailing their account information and via a monthly email distributed to all Clients.

### **Brokerage Practices**

#### **Factors Used to Select Custodians**

Other services may include, but are not limited to, performance reporting, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom EMCEE may contract directly.

### **Best Execution**

EMCEE has an obligation to seek best execution for its Clients since EMCEE is not responsible for execution or routing of trades. The Client's brokerage account is responsible. In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction

represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, reputation and responsiveness. Therefore, EMCEE will seek brokerages with competitive commission rates, but may not obtain the lowest possible commission rates for account transactions. Since EMCEE's Clients pay transaction costs, this does present a potential conflict which is mitigated by only collecting an Advisory Fee when capital gains on or capital appreciation equal to or greater than .01% above Clients' principal account balance are earned.

"Best execution" includes the amount of broker-dealer fees which will be charged to the brokerage account in connection with any trade, but it may also include other benefits. As such, EMCEE may retain TradeIt as the API Architecture that communicates with broker-dealers with respect to the EMCEE account even if its broker/dealer fees are not the lowest fees chargeable for such transaction.

## **Trading**

Generally, the Client will direct and be responsible for the direction of investments through the Application by: (i) carefully reviewing the information about investing and the Investments available on the Application; (ii) carefully considering the Recommendations generated by the Application; (iii) choosing the Client's selected Investments; and (iv) deciding whether to exclude an Investment from the Client's selections. However, EMCEE shall have the authority:

- to determine and modify from time to time which Investments are offered through the Application;
- to determine and modify from time to time procedures used in trading and allocating fractional shares in the Program;
- to determine the timing of purchases of securities in relation to deposits;
- to determine the timing of sales of securities held in the brokerage account and withdrawals in relation to requests for withdrawals; and
- to determine the exact time to trade securities based on buy and sell requests by Clients.

EMCEE reserves the right, at any time and without notice, to delay or manage the trading of Client orders if it determines it is appropriate and consistent with its obligations under the terms of the Advisory Agreement.

## **Client Referrals and Other Compensation**

EMCEE does not receive any compensation for referring Clients to another advisor nor does EMCEE pay any compensation to another advisor if another advisor refers Clients to EMCEE.

EMCEE or one or more of its related persons may receive compensation from retailers in connection with certain promotions, in which EMCEE or one or more of its related persons refers Clients to the retailers for the purchase of non-investment consumer products or services. EMCEE or one or more of its related persons may also transfers a portion of the compensation received in connection with such promotions into the applicable Client's EMCEE Account, at no cost to the Client, to fund the purchase of additional Investments.

## **Client Referrals**

EMCEE operates the “EMCEE it Forward” program. In this program, existing Clients of EMCEE can send a link to a friend or share their link on their own social media site. This link will give the receiver \$5.00 for opening an account with EMCEE. New Clients must meet certain eligibility criteria and adhere to EMCEE’s Terms of Use. The \$5.00 gift for opening an account must stay in the account for 90 days starting from the date the Client funds a brokerage account through TradeIt before the Client can withdraw it. This offer is not available for non-US residents or individuals who regularly provide investment advisory services to clients in any U.S. state. EMCEE will keep complete records of each Client who received the \$5.00 gift and their eligibility. EMCEE reserves the right to modify, extend or cancel this program at any time without notice, in EMCEE’s sole discretion. In addition, the referring client may receive compensation for referring clients.

EMCEE also expects from time to time to run various promotional campaigns to attract Clients to open accounts on the EMCEE Application. These promotions may include additional account services or products offered on a limited basis to select Clients, more favorable fee arrangements, and/or reduced or waived advisory fees for Clients.

EMCEE may also pay pre-determined fees to third-parties (“Marketing Affiliates”) for driving new Clients to EMCEE, which may be in the form of so-called CPM, CPC or CPA arrangements (respectively, impressions, clicks or actions through other websites).

## **Financial Information**

EMCEE does not solicit fees of more than \$1,200.00, per Client, six months or more in advance and therefore does not need to include a balance sheet with this Brochure. EMCEE has no financial commitment that would impair its ability to meet any contractual and fiduciary commitments to you, the Client. EMCEE has not been the subject of any bankruptcy proceedings.