

PowerHouse Assets LLC  
Part 2A of Form ADV – Firm Brochure

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PowerHouse Assets LLC

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This Brochure provides information about the qualifications and business practices of PowerHouse Assets LLC. If you have any questions about the contents of this Brochure, you may contact us at 781-856-4721 to obtain answers and additional information. PowerHouse Assets LLC is a registered investment advisor with the State of Massachusetts. Registration of an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or the State of Massachusetts.

Additional information about PowerHouse Assets LLC is available on the SEC's website at [www.Adviserinfo.sec.gov](http://www.Adviserinfo.sec.gov).

**Item 2 – Material Changes**

The material changes in this brochure from the last annual updating amendment of PowerHouse Assets LLC on 03/23/2020 are described below. Material changes relate to PowerHouse Assets LLC's policies, practices or conflicts of interests.

- PowerHouse Assets LLC has updated their Assets Under Management (Item 4).
- PowerHouse Assets LLC has transitioned to registration with the United States Securities and Exchange Commission from its prior registration at the state level.

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PowerHouse Assets LLC

**Item 4 – Advisory Business**

- A. PowerHouse Assets is registered as an investment advisor under the laws of the Commonwealth of Massachusetts - Securities Division. Our principal place of business is located in Lincoln, Massachusetts. Alice Finn is the principal owner of PowerHouse Assets which she founded in 2011.
- B. PowerHouse Assets provides broadly diversified portfolios to our clients. We focus on global asset class allocation, providing continuous portfolio management.
- C. Our clients select among portfolio strategies for their individual accounts depending on their investment time horizon and risk/reward tolerance. We believe that our use of well diversified, low-cost, tax-efficient asset class funds, primarily ETFs and mutual funds, best enables our Clients to meet their long term financial goals. Portfolios will be continuously monitored and will be rebalanced at least once a year and more often as necessary.
- D. We do not participate in any wrap-fee programs.
- E. As of May 2020, PowerHouse Assets managed approximately \$105,640,000.00 of assets on a discretionary basis.

**Item 5 – Fees and Compensation**

- A. PowerHouse Assets is a fee-only advisory Firm. This means we are compensated only by our Clients and do not receive compensation or commissions from any other parties. We believe this method of compensation minimizes conflicts of interest.

In consideration for our services, Clients pay us a fee that will be billed quarterly based on the assets in the account at the end of the prior quarter. In general, our fees are 1% of assets under management. In certain circumstances, we will discuss negotiable fees. Compensation to us for our services will be calculated in accordance with our Fee Schedule that is part of the PowerHouse Assets' Investment Advisory Agreement which is entered into with each Client.

For purposes of determining value, securities, mutual funds, and other instruments traded on a market for which actual transaction prices are publicly reported shall be valued at the last reported sale price on the principal market in which they are traded.

- B. Our fees will be withdrawn electronically from each Client's account no earlier than 14 days after the submission of an invoice to the Client via e-mail showing the amount of fees, the value of the Client's assets on which the fees are based, and the specific manner in which the fees are calculated. Payment of fees may result in the liquidation of Client's securities if there is insufficient cash in the account. Clients bear the responsibility for verifying the accuracy of fee calculations.
- C. In addition to our fee, Clients will be required to pay brokerage commissions,

stock transfer fees, and other similar charges incurred in connection with transactions for their individual account. These fees are paid out of the assets in a Client's account and are in addition to the investment management fees paid to us.

- D. The market value will be construed to equal the sum of the values of all assets in the account. Fees for partial quarters at the commencement or termination of an Investment Advisory Agreement will be billed or refunded on a pro rata basis contingent on the number of days the account is managed in the quarter. Quarterly fee adjustments for additional assets received into the account during a quarter or for partial withdrawals will also be provided to Client's on the above pro rata basis.
- E. As a fee-only investment advisory Firm, we are paid on a percentage of Client assets under management. This means that no supervised person associated with us receives or accepts any compensation for the sale of securities or investment products purchased in a Client's account.

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

We do not charge any performance-based fees for our services. As such, this Item is not applicable to our Firm.

#### **Item 7 – Types of Clients**

PowerHouse Assets LLC provides investment management of individual portfolios to individuals. Our minimum account requirement is \$250,000. However, under certain limited circumstances we may waive this requirement.

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

##### **A. Our Investment Strategy is based on the following Principles:**

- Markets are efficient and market timing does not work for most investors. Research has shown that it is to the financial disadvantage for most investors to try to anticipate the future direction of the market as a whole or of any individual industry or security.
- The asset allocation decision (stocks, bonds, cash, etc) is more important than the selection of any particular security within the portfolio. The appropriate allocation of capital among asset classes will have far more influence on long-term portfolio results than the selection of individual securities.
- For a given risk level, an appropriate combination of asset classes will maximize returns. Diversification among asset classes helps reduce portfolio volatility. The proportional mix of asset classes determines the long-term risk and return characteristics of the portfolio as a whole.
- Investing globally - in both developed international and emerging markets - helps

to minimize overall portfolio risk as economies of the world do not correlate perfectly. Historically, investing globally has enhanced portfolio returns. While there is no guarantee that it will do so in the future, global exposure further adds to diversification.

- Equities offer the potential for higher long-term investment returns than cash or fixed income investments. Equities are also more volatile in their performance. Investors seeking higher rates of return must increase the proportion of equities in their portfolio, while at the same time accepting greater variation of results (including declines in portfolio value).

Our portfolio management approach builds broadly diversified portfolios using well diversified, low-cost, tax-efficient asset class funds in the worldwide equity and fixed income markets.

Portfolios will be continuously monitored and rebalanced when appropriate. We believe our strategy to capture the returns available in global markets offers our Clients the best opportunity for long term growth of their portfolios.

- B.** Clients and prospective clients should be aware that investing in securities involves risk of loss that clients should be prepared to bear. We will use our best judgment and good faith efforts in providing portfolio management strategies to our Clients. However, we cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment decision or recommendation made by us will be profitable. Clients assume all market risk involved in the investment of account assets under the Investment Advisory Agreement and understand that investment decisions made for their account are subject to various market, currency, economic, political and business risks.

Following is a sample of the types of risks Clients should be aware of when their assets are invested by PowerHouse Assets.

Strategy Risk: These are the risks associated with the long-term core strategic holdings for each of the strategies. The more aggressive the strategy selected, the more likely the portfolio will contain larger weights in riskier asset classes, such as equities.

Systematic or market risk: PowerHouse portfolios are invested in the global capital markets and are exposed to these markets. For example, if U.S. stocks decline, the portion of the PowerHouse portfolios invested in the U.S. stock market will decline. To a certain degree, PowerHouse Assets tries to mitigate this risk by owning a wide variety of asset classes that are not perfectly correlated (or in some cases have zero or negative correlation).

Counterparty risk: To the degree our portfolios own an Exchange-traded note (ETN), there is exposure to the credit risk of the issuer. ETFs also have some “product” or “structural” risk associated with them, as they will sometimes

provide market exposure through indirect means, like futures, options and forwards contracts.

Nothing in this Agreement shall relieve us from any responsibility or liability we may have under state or federal statutes.

Except as may otherwise be provided by law, we are not liable to Clients for:

- Any loss that a Client may suffer by reason of any investment decision made or other action taken or omitted in good faith by us with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use.
- Any act or failure to act by a custodian of a Client's account.

It is the responsibility of each Client to select a portfolio strategy and to notify us of any changes in financial circumstances or goals.

- C. As referenced above, our portfolio strategies incorporate asset allocation, diversification and rebalancing on a global basis using asset class funds. The risks are described above with the primary risk being stock market risk.

#### **Item 9 – Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our Firm, or the integrity of our management. We have no information to disclose applicable to this Item. Clients can also always obtain any disciplinary history related to PowerHouse Assets or any of its representatives from the Massachusetts Securities Division upon request. Per Massachusetts Regulation 950 CMR 12.205 (8)(d), the Securities Division of The Commonwealth of Massachusetts maintains records regarding each registered investment advisor, including any disciplinary history. The office is located at One Ashburton Place, 17<sup>th</sup> Floor, Boston, MA 02108, or you can call them at (617) 727-3548.

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

We are a fee-only investment advisory firm and do not have any financial industry affiliations that create conflicts of interest.

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

- A** PowerHouse Assets LLC has a Code of Ethics which all employees are required to follow. The Code of Ethics outlines proper conduct related to all services provided to Clients. Prompt reporting of internal violations is mandatory. A copy of the Code of Ethics is available to any Client or prospective Client upon request.
- B-D** PowerHouse Assets LLC or individuals associated with us may buy and sell some of the same securities for our own account that we buy and sell for our Clients. In all

instances, where appropriate, we will purchase a security for all of our existing accounts for which the investment is appropriate before purchasing any of the securities for our own account and, likewise, when we determine that securities should be sold, where appropriate will cause these securities to be sold from all of our advisory accounts prior to permitting the selling of the securities from our accounts. In some cases we may buy or sell securities for our own account for reasons not related to the strategies adopted by our Clients.

We will disclose to Clients any material conflict of interest which could reasonably be expected to impair the rendering of unbiased and objective advice.

#### **Item 12 – Brokerage Practices**

**A** Our Clients' assets are held by independent third-party custodians. In recommending a custodian we will comply with our fiduciary duty ( which means that we put the client's interests first) in accordance with the Securities Exchange Act of 1934, to obtain best execution and will take into account such relevant factors as:

- Price
- The custodian's facilities, reliability and financial responsibility
- The ability of the custodian to effect transactions, particularly with regard to such aspects as timing, order size and execution of order
- The research and related brokerage services provided by such custodian to us notwithstanding that the account may not be the direct or exclusive beneficiary of such services
- Any other factors that we consider to be relevant

**B.** Portfolios will be individually managed and at this time we do not aggregate purchases and sales.

**C.** PowerHouse Assets recommends Fidelity Brokerage Services LLC.

#### **Item 13 – Review of Accounts**

**A.** Individual accounts will be monitored continuously and reviewed on a quarterly basis by a Portfolio Manager.

**B.** Account reviews may also be triggered by a change in Client's investment objectives; large deposits or withdrawals or changes in macro-economic climate.

**C.** All Clients will receive annual written performance reports from PowerHouse Assets. All Clients will also receive account statements from the custodian of their accounts on a monthly or quarterly basis.



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

PowerHouse Assets has one paid solicitor who could market our services to potential new Clients as a “Community Partner.” A Community Partner can run PowerHouse educational gatherings and would be paid a share of client fees for referrals.

#### **Item 15 – Custody**

We do not have custody of the assets in any Client accounts. All Clients will receive account statements on a monthly or quarterly basis from the custodian. We encourage all of our clients to review those statements carefully.

#### **Item 16 – Investment Discretion**

As a fee-only money manager, clients grant us ongoing and continuous discretionary authority to execute investment recommendations in accordance with our Statement of Investment Policy (or similar document used to establish a Client’s objectives and suitability), without the Client’s prior approval of each specific transaction.

Under this discretionary authority, Clients allow us to purchase and sell securities and instruments in their account(s), arrange for delivery and payment in connection with the foregoing and otherwise act on their behalf in most matters necessary or incidental to the handling of the account, including monitoring certain assets.

Discretion is limited to the purchase and sale of securities and investment of cash, and not to distributions of cash or securities.

Investments will not exceed the client’s funds in the account.

Clients execute instructions regarding our trading authority as required by each custodian.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of Clients. Therefore, Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client’s investment assets. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client’s investment assets.

#### **Item 18 – Financial Information**

- A. We do not receive payment for any accounts more than six months in advance of services rendered.
- B. As noted in Item 15 above, we do not have custody of Client’s funds or securities.

We have no financial commitments which would impair our ability to meet the contractual and fiduciary commitments to our Clients.

- C. We have never been the subject of any bankruptcy proceedings.