

# Composer Technologies Inc.

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## **Form ADV Part 2A- Advisory Fee Brochure**

**12/20/2020**

This brochure provides information about the qualifications and business practices of Composer Technologies Inc., a Canadian company (the “**Investment Adviser**” or “**Composer**”). If you have any questions please contact us via email at [support@InvestComposer.com](mailto:support@InvestComposer.com). 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 Composer Technologies Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

There are no material changes to note.

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## Item 4: Advisory Business

The Investment Adviser was formed as an entity on April 21, 2020. Additional information about the Investment Adviser will be available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) upon the successful registration of the Investment Adviser.

The Investment Adviser is being registered as a registered investment adviser which offers advisory services to its clients (each a "**Client**," and collectively, "**Clients**") through an online web-based mobile application (the "**Application**").

The Investment Adviser is a privately held company headquartered in Toronto, Ontario, Canada. Information about the Investment Adviser's organizational and ownership structure is provided on Part 1 of the Investment Adviser's Form ADV, which will be available online at <http://www.adviserinfo.sec.gov>.

The Investment Adviser provides web-based discretionary advisory services based on a SaSS model and charges a single monthly fee to its clients which is not based on the value of assets under management (the "**Program**", together with the Application which are referred to herein as the "**Platform**"). The Investment Adviser does not provide brokerage services directly, but rather connects its Clients to online brokerage firms where the Clients can invest their funds.

The Program offers an easy way for individual investors to obtain advice on how to invest small and large amounts of money. The Program is provided to individual investors via the Investment Adviser's proprietary Application, which will be available to be downloaded from <https://InvestComposer.com>.

The Investment Adviser's advice is powered by the insights it makes when individuals (the "**Members**"), respond to certain questions included in Invest Composer's questionnaires provided on the Invest Composer website. The questions asked by the Investment Adviser to its Members cover areas such as employment status, occupation, age, level of investment experience, annual income and net worth (such responses are referred to herein as "**Member Contributions**"). Member Contributions are made each time a Member responds to Invest Composer's questionnaires. Based on the Member Contributions, the Investment Advisor is able to provide investment advice which is tailored to each specific Member based on each Member's specific concerns, investment horizon and investment risk preference. After making the Member Contributions, at the point any Member decides to utilize the Platform to receive investment advice, the Member is charged a fee and becomes a Client of the Investment Adviser.

Currently the Investment Adviser's Platform is powered by its own quantitative strategies. A myriad of components, including company fundamental and technical analysis, as well as traditional news, alternative data, macro events, human behavior, sentiment, social attitudes and data technology goes into the Investment Adviser's investment decision making. Invest Composer has developed a suite of artificial intelligence ("**AI**") tools that effectively corroborate and calibrate the plethora of publicly available data that impacts companies, brands, and sectors across the globe.

The Investment Adviser selects equity and fixed-income exchange traded funds ("**ETFs**") as well as equity securities of companies to build model portfolios, which on the Invest Composer website

are called Symphonies (“**Symphonies**”). The Symphonies act as Model Portfolios (the “**Model Portfolios**”). The Investment Adviser combines different Model Portfolios to match each Client’s investment profile based upon the Investment Adviser’s interactive questionnaire (the “**Invest Composer Questionnaire**”). As Clients select various answers, the Investment Adviser determine which Model Portfolio is suitable for the Client’s age, the amount they expect to invest, investment time horizon, financial information, financial goals and type of income. Clients have the option to choose a different Model Portfolio than the one recommended by the Investment Adviser. Clients can add or remove equities, ETF’s and equity securities from the strategy suggested to them by the Invest Composer Questionnaire. Invest Composer does not advise clients on which securities or investments to add or remove, but rather allows the client the ability to edit strategies on their own. The Investment Adviser only provides investment advice through the Platform and only with respect to these types of investments.

Currently, two types of Symphonies exist, Symphony 1 (the “**Active Portfolio**”) and Symphony 2 (the “**Passive Portfolio**”). The Symphonies will generally be based on the following:

Symphony 1, an Active Portfolio:

- an actively traded equity portfolio built from ETFs and select common shares that reflects the Investment Adviser’s AI-driven investment advice for Clients that want access to higher returns with an appetite for increased potential risk.

Symphony 2, a Passive Portfolio:

- a passively held equity portfolio built from ETFs and select common shares; and
- a passive fixed-income portfolio built from ETFs, select instruments, cash and cash equivalents.

The Symphonies can be combined in a Client’s Investment Account as a “**Passive Sleeve**” and an “**Active Sleeve**”.

The Investment Adviser does not provide Clients with financial planning and its investment advice and the Investment Adviser’s services are limited to providing the Model Portfolios and the ability to add certain equities, ETFs and other equity securities to the Model Portfolios which are suggested by the Investment Adviser. Once the Client accepts a Model Portfolio, the Client is directed to an online brokerage firm which can assist the Client in trading, investing and acquiring the securities or equity instruments recommended in a Client’s Model Portfolio.

Additional information about the Investment Adviser’s products and services is provided in the Investment Adviser’s Form ADV Part 1 available at <http://www.adviserinfo.sec.gov>. Please review the Platform for additional information.

**Member Contributions are not used by the Investment Adviser to update Clients’ investment profiles.** Clients are obligated to update their information by completing the Invest Composer Questionnaire through the Platform promptly if there are changes to their financial situation, including their goals, objectives, personal circumstances, time horizon or other relevant information changes.

The Investment Adviser manages its Passive Model Portfolios with strategies based on modern

portfolio theory, or mean variance analysis, which is aimed at constructing portfolios to maximize expected return based on a given level of market risk and concentrates on diversifying investments. The Investment Adviser constructs, revises, and recommends Model Portfolios with target asset allocations of equity and fixed-income ETFs. Based on each Client's responses to the Invest Composer Questionnaire about the Client's personal information, financial situation, financial goals, and risk profile, the Client's initial allocation to one or more Model Portfolios is determined by the Investment Adviser's software-based algorithm, which selects among the target asset allocations. While Composer gives suggestions on which Model Portfolio to use to its Clients, the Clients can choose their own level of risk or choose a Model Portfolio not suggested by Composer. Subject to the Investment Adviser's ability to terminate advisory agreements, Clients will be able to impose reasonable restrictions on the management of their investment accounts (the "**Investment Account**") with the Custodian.

When a Client earns money from its Member Contributions or makes a deposit, the Investment Adviser constructs a combination of ETF and other securities purchases to align the Client's Investment Account along with the target asset allocation for the selected Model Portfolios.

When a Client withdraws money from its Investment Account, the Platform initiates a combination of sales that maintains the corresponding target asset allocation.

Clients may choose to manually select one of the target asset allocations other than the one recommended or currently in effect. While Invest Composer recommends a Model Portfolio, it also gives the Client the freedom to manually choose a different Model Portfolio and disregard the advice of Invest Composer. Clients may also choose to manually add or replace equities, ETFs or equity securities into the Model Portfolio at their own behest. Based on the Invest Composer questionnaire, Invest Composer recommends a volatility threshold for the Client's portfolio. Clients are also given the ability to stray from the advice of the Invest Composer algorithm and manually increase or decrease the volatility of their portfolio. Ultimately, the strategies and investments recommended to a Client through the Model Portfolio are executed by third-party brokers or Custodians. The Investment Advisor does not directly trade, invest, or purchase the recommended securities or ETFs for the Client, but merely directs them to the Custodians where they can complete the recommended investments.

The Investment Adviser's algorithm is designed to keep the holdings within each Client's portfolio within a specified range of the target asset allocation, even when the market prices of the securities in the Client's Investment Account fluctuates. Clients authorize the Investment Adviser to automatically rebalance their Investment Account holdings, maintain a minimum cash balance and re-invest dividends. An automatic rebalance of the Passive Model Portfolio will be made whenever the holdings of the Investment Account significantly deviate from the target asset allocation for that Client, which generally is a 10% fluctuation above or below the target asset allocation. If a Client chooses, they are also given the ability to manually select the frequency of rebalancing manually. If the Client chooses an alternative rebalancing strategy, they are given the option to rebalance either daily, weekly, monthly or annually.

The Active Model Portfolio is programmed to be rebalanced on an ongoing basis or, alternatively, daily, weekly, monthly or annually if a Client manually chooses such a rebalancing strategy. The rebalancing strategy is based on risk parity portfolio strategy and trades based on the Client's desired trailing volatility of the market. If the holdings of the Investment Account significantly deviate from the existing or newly selected target asset allocation, the Investment Adviser will

initiate a rebalancing to bring the holdings within an acceptable range of the target asset allocation.

The rebalancing process is not limited to the number or frequency of rebalances and is driven by the composition of the Investment Adviser's decisions on the composition and holdings in the Passive Model Portfolio or Active Model Portfolio. As a result, there is a possibility that the Investment Adviser may sell overrepresented ETFs and use the proceeds to buy underrepresented ETFs to bring portfolios towards its target allocation without taking into account individual tax consequences or market circumstances. The Investment Adviser will not engage in tax loss harvesting trades in order to optimize the tax consequences of holding, or disposing of, certain holdings.

The investments in each Client's Investment Account are held in a separate account in the name of the Client at an independent custodian, and not with the Investment Adviser. All Investment Accounts managed through the Platform are required to use the custodian selected by the Investment Adviser (the "**Custodian**") as the independent custodian. Your account agreement with the Custodian will grant the Investment Adviser the authority to manage each Client's Investment Account on a discretionary basis without seeking that Client's authorization for each trade.

The ETF or single stock shares purchased or sold on behalf of a Client and/or held in Client Investment Accounts may be either whole shares or fractional shares, depending upon how much a Client invests in the particular security. The Investment Adviser enables dollar-based investing, whereby a Client can buy a fixed dollar amount rather than whole shares. The Investment Adviser, through the Custodian, aggregates all dollar-based purchases and places whole share orders for executions. Thereafter, the Investment Adviser allocates the fractional shares to the individual Client's Investment Account. Fractional shares, however, are typically not transferable outside of a Client's Investment Account because the financial system in the United States currently is structured only to accommodate transfers of full shares. As a result, fractional shares may not be marketable or transferrable to another brokerage account.

In the event of a liquidation or transfer of the assets in a Client's Investment Account to another account at another institution, the Investment Adviser may convert such fractional shares to cash.

The Investment Adviser has access to all Client information with respect to each Investment Account managed through the Platform. The Platform relies on the information provided by the Client through the Invest Composer Questionnaire in order to provide investment advice and recommendations.

Invest Composer receives information through the Member Contributions Members make. The Investment Adviser gathers information on the Client's age, income, and other factors to create a Client profile. Information collected by Invest Composer on a Member who is also an Investment Adviser Client does not change that Client's profile in the Platform. The Client's profile is only based on the information provided in the Invest Composer Questionnaire.

**Clients who have experienced a material change in their circumstances must update their personal information in the Platform by retaking or supplementing the Invest Composer Questionnaire so the Investment Adviser can reflect the change in the Client's Investment Account.**

**Other than a username, password, and contact information, Invest Composer does not share any personal information with the Investment Adviser, which is a separate corporation.**

**The Investment Adviser will not receive, review, or monitor your Member Contributions to identify material changes that may impact the suitability of your investments.**

**The Investment Adviser will not review any decisions a Client makes that deviates from the algorithm's provided by the Investment Adviser and is not responsible for any losses resulting from such deviation.**

Clients will receive the Investment Adviser's Discretionary Investment Advisory Agreement, which further details the services Clients will receive, fees charged to Clients, and the conditions of the Investment Adviser-Client relationship. Importantly, the Investment Adviser does not provide overall financial planning services, nor does it provide tax advice.

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

### Management Fees

The Program gives Clients the opportunity to test Model Portfolios on a trial-basis at no cost without the payment of any funds or making any real investments (the "Test Client"). Test Clients are afforded the opportunity to sample the Model Portfolios on a trial basis and test how such Test Client would have performed if such Client had actually invested real funds into the Model Portfolios. Thereafter, if the Test Client chooses to become a Client by using actual funds to invest in the Model Portfolios, the Program charges a fixed monthly "subscription" fee for investment advisory services which will be \$30 per month (the "**Subscription Fee**"). Details on the Subscription Fee can be found in the Client's Fee Schedule which is incorporated by reference into the Client's Investment Management Agreement and at <https://InvestComposer.com/terms-of-service>.

The Subscription Fee is not based upon transactions in a Client's Investment Account, but rather is a bundled fee charged to the Client to cover the costs and expenses of the Investment Adviser to provide the Platform, including development of the software platform, purchase of data feeds, costs of data storage, R&D expenses, customer support, employee salaries and traditional overhead expenses..



There is no minimum account size requirement. The Investment Adviser and its affiliates charge a monthly Subscription Fee which will not exceed the monthly fees quoted to the specific Client.

The Investment Adviser believes the Subscription Fee is reasonable considering the quality and scope of the services it provides and the fees charged by other investment advisers offering similar services/programs. However, by participating in the Subscription Fee program, Clients may end up paying more or less than they would with other registered investment advisers who charge a wrap fee calculated as a fixed or tiered percentage of the assets managed, or charge a higher or lower subscription fee, but pass the executing broker's trade execution costs directly through to the Client. In the latter scenario, Clients could also be responsible for any other fees charged by other parties, including the Custodian. Clients could also invest in ETFs, stocks and other securities directly without the Investment Adviser's services. In that case, Clients would not receive the services provided by the Investment Adviser, which are designed, among other things, to assist in determining which investments are appropriate for the Client's Investment Account. Clients should be aware that the Investment Adviser is designed with frequent investing in mind. The fee structure may not be appropriate for individuals looking to make few or infrequent small-dollar investments.

The Subscription Fee will be paid by credit card. Each time a Client uses the Investment Adviser's advisory services, they reaffirm their agreement that the Investment Adviser may charge the credit card on file. If the Investment Adviser cannot take the Fee from the Client's credit card on file.

In the event the Investment Adviser cannot charge Subscription Fees to the Client's credit card on file, it reserves the right to terminate a Client's access to its advisory services. Termination of Investment Accounts will be undertaken at the Investment Adviser's sole discretion. Each Client may also terminate its Investment Account at any time. Upon termination of an Investment Account, assets are liquidated as soon as practicable, and money is returned to the Client, if applicable. Once the account termination process is initiated, the Investment Adviser will no longer receive any Subscription Fees from the Client with respect to the Client's Investment Account.

#### Other Account Fees

The Subscription Fee includes all advisory charges applicable to an Investment Account. However, the Investment Adviser's fees do not include other related costs and expenses of the investments the Client may incur through making the investments recommended by the Investment Adviser via the Model Portfolios. A Client may incur certain charges imposed by custodians and other third parties. These include transfer fees, brokerage fees, administrative fees and other fees and taxes on brokerage accounts and securities transactions. The issuer of some of the securities or products purchased for Clients, such as ETFs or other similar financial products, may charge product fees that affect Clients. The Investment Adviser does not charge these fees to Clients and does not benefit directly or indirectly from any such fees. 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. These fees are in addition to the management fee Clients pay to the Investment Adviser. Clients should review all fees charged to fully understand the total amount of fees they will pay.

## **Item 6: Performance-Based Fees**

Invest Composer does not take performance-based fees. Fees are limited exclusively to a monthly subscription model.

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

The Investment Adviser's Program is intended for use by individual investors to gain access to customized portfolios built from ETFs and publicly traded equities.

Currently, there are no minimum or maximum account size requirements in effect which applies to Members who desire to become Clients of the Investment Adviser. Fees are not negotiable. Eligible clients may be offered to participate in the future in additional products or securities offered by the Investment Adviser or its affiliates. For example, clients who, at the time of their investment, are accredited investors as per Rule 506(c) of Regulation D under the Securities Act, may be able to invest in other financial products which may be created and managed by the Investment Adviser in the future.

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

### General

The Investment Adviser's business is the investment advisory services provided through the Program. Please refer to Item 4 for information pertaining to our advisory business.

The Program will utilize a questionnaire to make suggestions to the Client on which Model Portfolio to select based on the personal information that the Client submitted. Although the Investment Adviser will suggest a Model Portfolio for a specific Client, each Client is afforded the opportunity through the Program to select a different Model Portfolio of the Client's choosing which may be a different from the Model Portfolio recommended to the Client by the Investment Adviser. The Client will also be given the opportunity to swap out, replace or remove securities from any Model Portfolio, whether recommended or independently chosen, at its own discretion. Accordingly, Clients should be aware that:

- an algorithm is used to track a Clients' Investment Accounts;
- the algorithm does not recommend a Model Portfolio based on a Client's personal information, outside of what is collected via the Invest Composer Questionnaire;
- the algorithm matches Clients to a recommended Model Portfolio based on the Invest Composer Questionnaire;
- the algorithm makes the initial and ongoing investments and rebalances the investments in the Investment Account so that it matches the target asset allocations for the selected Model Portfolio;
- the algorithm may rely on back-tested information, and, thus, may not operate as expected or intended when events having few or no historical antecedents occur; and
- while Client's are able to disregard the algorithm's recommendation, an initial volatility threshold, portfolio and rebalancing strategy will be set by the algorithm.

Limitations of the algorithm include, without limitation:

- imperfect estimation of the market turning point;

- the expected return and expected correlation among different assets may significantly deviate from real market conditions due to unexpected events or investor panic;
- the algorithm used to manage Investment Accounts might rebalance Investment Accounts without regard to market conditions or on a more or less frequent basis than the Client might expect and the algorithm may not address prolonged changes in market conditions;
- the Investment Adviser might halt trading or take other temporary defensive measures in stressed market conditions;
- the Investment Adviser owns and manages the algorithm;
- absent technical issues, there is no human involvement in the oversight and management of Investment Accounts;
- if and when a Client has a material change to its financial standing or risk tolerance, the Client should promptly update the information he or she has provided to the Investment Adviser;
- the performance of the algorithm will necessarily be impacted by a Client deviating from the recommendations provided by the algorithm – any such deviation is done at the Client's own risk; and
- the Investment Adviser will not monitor a Client's Member Contributions to identify and respond to material changes disclosed in a Member Contribution.

One Investment Adviser employee acts as the portfolio manager for the Program. The ETFs and other securities that comprise Client portfolios are selected via the Investment Adviser's internal selection criteria. The securities included in each Client's portfolio have been researched and approved by the Investment Adviser's portfolio manager. The Investment Adviser's internal selection criteria includes, but is not limited to, assessing an ETF's or other security's exposure to a given asset class or sector, how well the ETF tracks its benchmark, the ETF's management fee, the liquidity prospect of the ETF or other security vis-à-vis the Investment Adviser's portfolios and the management of the ETF. ETFs themselves are managed by the relevant fund manager/sponsor. The Investment Adviser does not manage, control or receive compensation from ETF or other managers or the Custodians.

Rebalancing and initial investments are only performed during specific hours each day. There are inherent risks to the use of algorithms to drive portfolio recommendations, which may result in loss of capital. The Investment Adviser also relies on certain vendors in order to provide portfolio rebalancing. In the event that one of these vendors is unavailable, the Investment Adviser will not have the capability to rebalance the portfolio.

The Program's performance will be calculated through a time-weighted return.

Clients should understand the Program is not entirely a self-directed brokerage service. While it does allow for manual security purchases, unlike self-directed brokerage accounts, a Client does not enter individual buy and sell orders for specific securities to be executed at particular times. If the client chooses to manually swap, replace or remove securities from the assigned or chosen Model Portfolio, the assets added or removed will generally be purchased or sold the same day. The Investment Adviser places orders to buy and/or sell securities with the Custodian consistent with the discretionary authority granted to it by Clients, which includes, among other things, the authority to select which securities to buy and sell and when to place orders for the execution of securities. If you want to control the specific time during the day that securities are bought and sold in your Investment Account (e.g., you want the ability to "time the market"), you should not

use the Investment Adviser's service.

Through qualitative and quantitative due diligence, the Investment Adviser selects ETFs and publicly traded equities to include in each Model Portfolio by utilizing the Program. The Investment Adviser chooses ETFs because of their transparency, liquidity, fee models and diversification. The Investment Adviser chooses stocks because of their exposure to specific industries, liquidity, transparency, risk profile, and diversification.

The ETFs and stocks selected represent an array of investment options across a broad range of investment strategies such as conservative, modest or aggressive balanced risk funds; asset classes such as small, mid, and large cap U.S. equities, fixed income, real estate, commodities, or international; and industries such as healthcare, defense or consumer.

In the Investment Adviser's due diligence and analysis process, the Investment Adviser utilizes a form of quantitative analysis in which it analyzes the funds' fees and performance using historical market data, risk metrics and other benchmarks. The Investment Adviser will use the data collected through Member Contributions to select stocks and ETFs that it believes, based on its predictive software, will outperform or underperform the markets or analyst consensus.

### Investment Strategies

The Investment Adviser uses a proprietary formula which utilizes model portfolio theory and is focused on diversifying an individual's investment to maximize returns and minimize risk based on certain given levels of expected returns to help select the securities it buys, sells or holds for each Client. The proprietary formula analyzes Member Contributions which are submitted through the Invest Composer Questionnaire and recommends a Model Portfolio based such Member Contributions. All dividends from investments are automatically reinvested unless a Client elects otherwise.

### Risk of Loss

Clients should be prepared to bear the risk of loss of investing in securities. Investments made via the Program involve substantial risk, such as various market, currency, economic, political and business risks. Consequently, investment efforts will not always be profitable, and there is no assurance Clients will get back the amount invested. The Investment Adviser does not guarantee the future performance of any Client's Investment Account. Subject to the Advisers Act and Discretionary Investment Advisory Agreement and other applicable law contrary to the following, the Investment Adviser shall have no liability for any losses in a Client's Investment Account. The price of any security or the value of an entire asset class can decrease due to a variety of factors beyond the control of the Investment Adviser, including, but not limited to, changes in economic conditions, market sentiment, forecasted or unforeseen economic developments, interest rates, changes in government regulations, and domestic or international political, demographic, or social events. There is no guarantee that the intended results of an Investment Adviser's judgment or investment recommendations about particular securities or asset classes will necessarily match the actual results. The Investment Adviser's choices and judgment may prove to be incorrect, and a Client might not reach his or her investment goals. High volatility and/or the lack of deep and active liquid markets for a security may prevent a Client, or the Investment Adviser on the Client's behalf, from selling his or her securities at all, or at an advantageous time or price because the Investment Adviser and the Client's broker may have difficulty finding a buyer and may be forced

to sell at a significant discount to market value. The Program, by its automated nature, limits excessive trading risk. Even so, human programming error may result in excessive trading. The Investment Adviser cannot guarantee any level of performance or that any Client will avoid a loss of Investment Account assets. Investing in securities involves the risk of loss, including the principal amount invested, and clients should be prepared to bear this loss.

When evaluating risk, each Client may have a distinct view of financial loss that is constituted by different risk items, each of which may affect the probability of unfavorable consequences and the extent of any potential losses. While non all-inclusive, prospective Clients should carefully consider the following risks before entering the Program. These risks should be considered as possibilities, with additional regard to their actual probability of occurring and the effect on a Client if there is, in fact, an occurrence.

### Market Risk

The price of any security or the value of an entire asset class can decrease due to a variety of factors beyond the control of the Investment Adviser, including, but not limited to, changes in economic conditions, market sentiment, interest rates, government regulations, and domestic or international political events. If a Client has a high allocation and/or exposure to an underperforming asset class, it may negatively affect overall performance. Conversely, a low allocation and/or exposure to a particular asset class that outperforms other asset classes in a particular period will cause that Investment Account to underperform relative to the overall market.

### Investment Risk

There is no guarantee that the intended results of an Investment Adviser's judgment or investment decisions about particular securities or asset classes will necessarily match the actual results. The Investment Adviser's choices may prove to be incorrect, and a Client might not reach his or her investment goals. The Investment Adviser may modify investing algorithms and services that it provides. It is also possible that the Investment Adviser or Clients themselves may experience technological issues that may impair access to the Investment Adviser's software-based financial service or the software-based financial services provided by the Clients' brokers or other third-party Custodians.

### Volatility and Correlation Risk

The Investment Adviser evaluates future performance of selected assets based in part on a careful evaluation of past price performance and volatility. 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 may become more acute in times of market upheaval or high volatility. Past performance is not indicative of future results, and past returns or future projections may not reflect actual future performance.

### 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 such Client's securities at all, or at an advantageous time or price because the

Client's broker may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. Some securities (including ETFs) that hold or trade financial instruments may be adversely affected by liquidity issues as they manage their portfolios. While the Investment Adviser values the securities held in an Investment Account based on reasonably available exchange-traded security data, the Investment Adviser may from time to time receive or use inaccurate data, which could adversely affect security valuations or other information which is processed by the Program to suggest the Model Portfolios.

### Credit Risk

Financial intermediaries or security issuers may be unable to meet their financial obligations for a variety of reasons outside of the Investment Adviser's control, including, impaired credit ratings, default, bankruptcy or insolvency, any of which may affect portfolio values or management. This risk applies to assets on deposit with any broker utilized by a 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 securities held by Clients. Finally, an issuer of securities may experience a credit event that could impair or erase the value of the issuer's securities held by a Client. The Investment Adviser seeks to limit credit risk through 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

Government legislation or regulation may affect performance, which may include, but is not limited to: changes in regulation of investment advisers or securities trading; 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 ETFs dealing in natural resources).

### Foreign Investing and Emerging Markets Risk

Foreign investing presents different risks from those typically associated with U.S. investments, including, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries. All of these risks may be exacerbated further in emerging markets. 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.

### Frontier Markets Risk

Also known as “next emerging” markets, frontier markets generally present the risks associated with investing in foreign or emerging markets at a greater magnitude due to politically unstable conditions or other market disruptions.

#### Novel Coronavirus Pandemic, Public Health Emergency and Global Economic Impacts

As of the date of this Form ADV Part 2A, there is an ongoing pandemic of a novel and highly contagious form of coronavirus (“COVID-19”), which the World Health Organization declared a pandemic on March 11, 2020 resulting in a significant number of hospitalizations and deaths. This public health emergency has and continues to have detrimental effects on the global economy and has contributed to both volatility and material declines in equity and debt markets. Many country, state and local governments have instituted mandatory or voluntary quarantines, travel prohibitions and restrictions, closures or reductions in capacity of offices, businesses, schools, retail stores and other public venues and/or cancellation, suspension or postponement of certain events and activities, including certain non-essential government and regulatory activity. Businesses are also implementing their own precautionary measures, such as voluntary closures, temporary or permanent reductions in work force, remote working arrangements and emergency contingency plans. Such measures, as well as the general uncertainty surrounding the dangers, duration and impact of COVID-19, are creating significant disruption in supply chains and economic activity, impacting consumer confidence and contributing to significant market losses, including having particularly adverse impacts on transportation, hospitality, tourism, sports, entertainment and other industries dependent upon physical presence. As COVID-19 continues to spread, potential additional adverse impacts, including a global, regional or other economic recession of indeterminate duration, are increasingly likely and difficult to assess.

The extent of the impact of COVID-19 on the Investment Adviser cannot be predicted due to a number of uncertainties, including the duration and scope of the resulting public health emergency, the extent of any related restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of the COVID-19 pandemic may materially and adversely impact the Investment Adviser’s ability to source, manage and divest investments and the Investment Adviser’s ability to achieve its investment objectives on behalf of its Clients, all of which could result in significant losses to a Client.

In addition, COVID-19 and the resulting changes to global businesses and economies likely will adversely impact the business and operations of the Investment Adviser, and its respective affiliates. Certain businesses and activities may be temporarily or permanently halted as a result of government or other quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors, including the potential adverse impact of COVID-19 on the health of key personnel.

### Other Catastrophic Risks

Risk of loss may also arise from direct or indirect exposure to other catastrophic events, including (i) other public health crises (including existing or novel epidemic diseases, or the threat thereof including any outbreak of SARS, H1N1/09 influenza, avian influenza, other coronavirus, Ebola or other existing or new epidemic diseases); or (ii) other possible catastrophic events, such as hurricanes, earthquakes, tornadoes, fires, flooding and other natural disasters; acts of war or terrorism, including cyberterrorism; or major or prolonged power outages or network interruptions. The extent of the impact of any such catastrophe or other emergency on the Investment Adviser's operational and financial performance will depend on many factors, including the duration and scope of such emergency, the extent of any related travel advisories and restrictions, the impact on overall supply and demand, goods and services, investor

liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. In particular, to the extent that any such event occurs and has a material effect on global financial markets or specific markets in which the Investment Adviser participates (or has a material effect on any locations in which the Investment Adviser operates or on any of their respective personnel) the risks of loss could be substantial and could have a material adverse effect on the ability of the Investment Adviser to fulfill its investment objectives.

### ETF Risks, including Net Asset Valuations and Tracking Error

ETF performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because 1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and 3) 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 and should be aware that to the extent they invest in ETF securities, they will pay two levels of compensation - fees charged by the Investment Adviser plus any management fees charged by the issuer of the ETF. This scenario may cause a higher 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.

### 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 be worth less 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. In addition, the relative value of the U.S. dollar-denominated assets primarily managed by the Investment Adviser may be affected by the risk that currency devaluations affect Client purchasing power.

### Algorithmic Trading

Clients are advised that the Program relies on computer models, data inputs and assumptions in generating trade orders or recommendations (as applicable). Statistical investing models, such as those used by the Investment Adviser, rely on back-tested information, and, thus, may not operate as expected or intended when events having few or no historical antecedents occur, and, accordingly, may generate losses another manager could have been able to avoid. The Program, through the analysis of Member Contributions, utilizes a predictive algorithmic model that is dependent on the input from Clients and Members and therefore relies on a current, diverse and large enough pool of data points to achieve anticipated results. This predictive algorithmic model is currently untested and may not produce anticipated results.

### Cybersecurity Risks

The Investment Adviser and its service providers are and Client's brokers and Custodians may be, subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber- attacks may cause losses to the Investment Adviser's Clients by interfering with the processing of transactions, affecting the Investment Adviser's ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose the Investment Adviser to civil liability as well as regulatory inquiry and/or action. In addition, Clients could be exposed to additional losses as a result of unauthorized use of their personal information. While we have established business continuity plans, incident responses plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber-security risks also are present for issuers of securities and the Clients' brokers, which could result in material adverse consequences for such issuers and brokers and may cause a Client's investment in such securities to lose value. Further, the Investment Advisers cannot control to the extent the Custodians and Clients' brokers have taken internal precautions against cyber-attacks and the Client should inquire with such Custodians and brokers which are ultimately responsible for affecting the trades recommended by the Model Portfolios regarding the cyber security policies of the foregoing entities.

## Investment Strategy Risks

There are risks associated with the long-term core strategic holdings. The more aggressive the investment strategy, the more likely the portfolio will contain larger weights in riskier asset classes, such as equities.

## Equity-Related Risks

The prices of equity securities will rise and fall. These price movements may result from factors affecting individual companies, industries, or the securities market as a whole. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. In addition, the equity market tends to move in cycles, which may cause stock prices to fall over short or extended periods of time.

## Large-Cap and Mid-Cap Risks

Large-cap and/or mid-cap segments of the stock market bear the risk that these types of stocks tend to go in and out of favor based on market and economic conditions. However, stocks of mid-cap companies tend to be more volatile than those of large-cap companies because mid-cap companies tend to be more susceptible to adverse business or economic events than larger, more established companies. During a period when large- and mid-cap U.S. stocks fall behind other types of investments, bonds or small-cap stocks, for instance, the performance of investment strategies focused on large- and/or mid-cap stocks will lag the performance of these other investments.

## Small-Cap and International Risks

Historically, small-cap and international stocks have been riskier than large- and mid-cap U.S. stocks. During a period when small-cap and/or international stocks fall behind other types of investments, U.S. large- and mid-cap stocks, for instance, the performance of investment strategies focused on small-cap or international stocks may lag the performance of these other investments.

## Reliance on Management and Other Third Parties

All of the investments recommended via the Model Portfolios are executed, traded, and managed by third-party brokers or Custodians and the Investment Adviser merely provides investment advice. The Investment Adviser does not manage Clients' Investment Accounts directly. ETF investments will rely on third-party management and advisers. The Investment Adviser is not expected to have an active role in the day-to-day management of fund investments. Carried interest and other incentive distributions to fund management may create an incentive towards more speculative investments than would otherwise have been made.

## Infrastructure Risks

Infrastructure-related investments are subject to a number of unique risks. These investments may be concentrated into a small number of projects, resulting in a high degree of risk with respect to each project. Further, these investments are often subject to foreign and emerging market risks.

### Market Volatility

General fluctuations in the economy may affect the value of one or more investments. In the event of economic volatility, the ability to achieve a favorable return on investments may be severely impeded.

### Socially Responsible Investing

Investments may focus on “low carbon” or other areas of socially responsible investing. This investment category represents a relatively new area of investment with a relatively limited performance track record. Due to the consideration of non-monetary factors in investment decisions, these investments may experience a lower rate of return. There may be a relatively limited number of investments to consider in this investment category, and available investments may be subject to increased competition.

### Large Investment Risks

Clients may collectively account for a large portion of the assets in certain investments. A decision by many investors to buy or sell some or all of a particular investment where Clients hold a significant portion of that investment may negatively impact the value of the investment.

### Limitations of Disclosure

The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved in investing in investments. As investment strategies develop and change over time, Clients may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

## **Item 9: Disciplinary Information**

Composer has no legal or disciplinary events to report that are material to a client’s or prospective client’s evaluation of our advisory business or the integrity of our management.

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

Currently, the Investment Adviser is a wholly owned subsidiary of Invest Composer. It is anticipated that prior to December 2020, the Investment Adviser and Invest Composer will become wholly owned by a common parent corporation. The Investment Adviser shares personnel with Invest Composer. Aside from employees of Invest Composer that are shared personnel between Invest Composer and the Investment Adviser, the Investment Adviser does not recommend or select other investment advisers. Invest Composer is responsible for the management and deployment of the predictive algorithm used by the Investment Adviser and for receipt of the Subscription Fee, a percentage of which is allocated to the Investment Adviser. The use of the predictive algorithm by the Investment Adviser for its services is governed by a Services Agreement between the Investment Adviser and Invest Composer.

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

The Investment Adviser has adopted a code of ethics (the “**Code of Ethics**”) for all supervised persons of the Investment Adviser describing its high standard 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 and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at the Investment Adviser must acknowledge the terms of the Code of Ethics annually, or as amended.

The Investment Adviser anticipates that, in appropriate circumstances, consistent with Clients’ investment objectives, it will recommend to Investment Accounts advised by the Investment Adviser to effect the purchase or sale of securities in which the Investment Adviser, its management persons and/or Clients, directly or indirectly, have a position or interest. The Investment Adviser’s employees and persons associated with the Investment Adviser are required to follow the Investment Adviser’s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of the Investment Adviser and its employees may trade for their own accounts in securities which are recommended to and/or purchased for the Investment Adviser’s Clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of the Investment Adviser will not interfere with (i) making decisions in the best interest of Clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that personal employee transactions in these types of securities would not materially interfere with the best interest of the Investment Adviser’s Clients. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between the Investment Adviser and its Clients.

Employees’ accounts may trade in the same securities with Clients’ Investment Accounts on an aggregated basis when consistent with the Investment Adviser’s obligation of best execution. In such circumstances, employee and Investment Accounts will share commission costs equally and receive securities at a total average price. The Investment Adviser will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro-rata basis. Any exceptions will be explained on the order.

## **Item 12: Brokerage Practices**

Composer generally recommend either Interactive Brokers Group LLC or Alpaca Securities LLC as a broker-dealer for our clients. In this respect we may be deemed to routinely direct our clients to execute transactions through specified broker dealers. In making this decision we take into account, commission rates, execution quality, service and compatibility with Composer’s software. We place orders through either Interactive Brokers Group LLC or Alpaca Securities LLC for our clients’. It is the client’s decision which of the two brokers to use. By directing brokerage to either Interactive Brokers Group LLC or Alpaca Securities LLC we may be unable to achieve the most favorable execution for our clients’ transactions.

Composer has chosen Interactive Brokers Group LLC and Alpaca Securities LLC because of the quality executions we receive at a competitive price. We believe recommendation of Alpaca Securities LLC and Interactive Brokers Group LLC are consistent with our obligation to receive the best execution for our clients.

Interactive Brokers Group LLC and Alpaca Securities LLC may send your orders to another broker-dealer for execution. Interactive Brokers Group LLC and Alpaca Securities LLC accept payment for order flow from executing broker-dealers and may receive payment for order flow on your orders.

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

The Investment Adviser provides all Clients with continuous access to the Platform regarding information about Investment Account status, portfolio allocations, securities, and Investment Account balances. Proprietary, as well as commercially available software, is used to review the portfolios annually to ensure that they are in line with investment objectives. Additional reviews may be triggered by material changes in variables such as a Client's individual circumstances, or the market, political or economic environment.

Clients have access to current Investment Account balances and positions through the Platform. The Custodian prepares account statements showing all transactions and account balances during the prior year. All information relating to Investment Accounts are provided on the Platform. On an annual basis, the Investment Adviser will review each Investment Account and remind its Clients to review and update the profile information previously provided. The Investment Adviser requests that Clients reconfirm their current profile information as needed and on an annual basis. The Investment Adviser, as applicable, conducts reviews when the Client updates their profile in the Platform with a material change or if a material change has occurred in the selected Model Portfolio.

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

The Investment Adviser and its related persons do not receive an economic benefit (such as sales awards or other prizes) from any third party for providing investment advice or other advisory services to Clients. However, the Investment Adviser may receive from a broker-dealer or a fund company, without cost and/or at a discount, certain services and/or products, to assist in monitoring and servicing Investment Accounts. These may include investment-related research, pricing information and market data, software and other technology that provide access to Investment Account data, compliance and/or practice management-related publications, discounted or free consulting services, discounted or free attendance at conferences, meetings, and other educational or social events, marketing support, computer hardware or software, and other products used by the Investment Adviser to assist the Investment Adviser in its investment advisory business operations. The Investment Adviser may offer cash payments for Client solicitations in accordance with CFR 275.206(4)-3.

Invest Composer may compensate its Members for making Member Contributions with Discounts. Some Members are also Clients. The Investment Adviser will pay Invest Composer for market data and predictions derived from Member Contributions and other sources, as well as for the maintenance of the Platform, personnel and technical support. Clients are not obligated to: (a) use Invest Composer to make Member Contributions; or (b) earn Discounts, and Clients

### **Item 15: Custody**

The investments in each Client's Investment Account are held in a separate account in the name of the Client at an independent custodian, and not with the Investment Adviser. All Investment Accounts managed through the Platform are required to use the custodian selected by the Investment Adviser (the "**Custodian**") as the independent custodian. Your account agreement with the Custodian will grant the Investment Adviser the authority to manage each Client's Investment Account on a discretionary basis without seeking that Client's authorization for each trade.

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

Clients will receive the Investment Adviser's Discretionary Investment Advisory Agreement, which further details the services Clients will receive, fees charged to Clients, and the conditions of the Investment Adviser-Client relationship. Importantly, the Investment Adviser does not provide overall financial planning services, nor does it provide tax advice.

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

As a matter of firm policy and practice, the Investment Adviser 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 such Client's portfolio. Clients will receive proxies and other solicitations directly from the Custodian.

The Investment Adviser will neither advise nor act on behalf of the Client in legal proceedings involving companies whose securities are held or previously were held in the Client's Investment Account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements.

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

The Investment Adviser does not require or solicit the prepayment of any Fees six or more months in advance and does not have any adverse financial condition that is reasonably likely to impair the Investment Adviser's ability to continuously meet its contractual commitments to its Clients. The Investment Adviser has not been the subject of a bankruptcy proceeding.

