

**Firm Brochure**  
(Part 2A of Form ADV)

**ONEFUND, LLC**  
**CRD #305171**  
**737 Bishop Street**  
**Mauka Tower, Suite 2850**  
**Honolulu, HI 96813**  
**Tel: 808-600-5366**  
**[Mike.Willis@Index.Fund](mailto:Mike.Willis@Index.Fund)**

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This brochure provides information about the qualifications and business practices of ONEFUND, LLC, formerly known as The Index Group, Inc. If you have any questions about the contents of this brochure, please contact us at 808-600-5366, or by email at [Mike.Willis@Index.Fund](mailto:Mike.Willis@Index.Fund). 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 ONEFUND, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## Material Changes

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### Material Changes since the Last Update

This section of our Form ADV Part 2A or “Brochure” is an update of our previously filed Brochure. Please note, however, that only material changes that have occurred since our last annual update on March 31, 2017 are summarized in this section.

- Effective October 1, 2019, Mr. David Collett no longer serves as Chief Compliance Officer to the firm. Mr. Michael Willis, has assumed the role of interim Chief Compliance Officer of ONEFUND, LLC.
- Effective August 29, 2019, the Adviser changed its name to ONEFUND, LLC (from The Index Group).

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### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 808-600-5366 or by email at [Mike.Willis@Index.Fund](mailto:Mike.Willis@Index.Fund).

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**Firm Description**

ONEFUND, LLC (“ONEFUND,” the “firm,” or “we”), formerly known as The Index Group, Inc., was founded in 2004.

ONEFUND currently works exclusively with one client, INDEX FUNDS, a Delaware statutory trust and an investment company registered under the Investment Company Act of 1940 (the “Investment Company Act of 1940”).

ONEFUND serves as the investment adviser to the Index Funds S&P 500 Equal Weight Fund (the “Fund”).

ONEFUND currently has no separately managed accounts.

ONEFUND is strictly a fee-only investment management firm. The firm does not receive commissions for purchasing or selling annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities except as it relates to Index Funds, Inc. No commissions in any form are accepted.

Other professionals (e.g., lawyers, accountants, insurance agents, financial planners, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

As of March 26, 2020, the firm managed approximately \$40,000,000 on a discretionary basis.

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**Principal Owners**

Michael G. Willis is the principal owner of ONEFUND, LLC and Steven Todd Johnson is a minority owner.

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**Tailored Relationships**

Investment decisions for the Fund are generally tailored to the investment objectives and investment strategies as set forth in the Fund’s prospectus.

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**Asset Management**

Portfolio will primarily be invested in S&P 500 constituents or no-load S&P 500 index mutual funds and ETFs.

Initial public offerings (IPOs) are not available through the firm.

## Fees and Compensation

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### Description

As noted above, the firm bases its fees on a percentage of assets under management.

#### *The Fund*

Index Funds, on behalf of the Fund, has entered into an advisory agreement with ONEFUND. As compensation for its services, ONEFUND is contractually entitled to a management fee of 0.25% of the Fund's assets (annualized).

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### Fee Billing

Investment management fees are billed monthly.

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### Other Fees

None

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### Expense Ratios

Mutual funds and ETFs generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 25 basis points means that the mutual fund company charges 0.25% for their services.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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### Past Due Accounts and Termination of Agreement

ONEFUND reserves the right to stop work on any account that is more than 30 days overdue. Any unused portion of fees collected in advance will be refunded within 30 days.

### Performance-Based Fees

ONEFUND does not use a performance-based fee structure.

## Types of Clients

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### Description

ONEFUND currently works exclusively with one client, INDEX FUNDS, a Delaware statutory trust and an investment company registered under the Investment Company Act of 1940 (the "Investment Company Act of 1940").

ONEFUND serves as the investment adviser to the Index Funds S&P 500 Equal Weight Fund (the "Fund").

ONEFUND currently has no separately managed accounts.

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## **Account Minimums**

The initial investment minimum for the Fund is \$1,000, and the minimum amount for subsequent investments is \$100. Due to the proportionately higher costs of servicing accounts with lower balances, Fund accounts maintaining a balance under \$25,000 will be charged a \$20 annual maintenance fee. The Fund also reserves the right to close accounts under \$1,000 and send the proceeds to the shareholder.

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

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### **Methods of Analysis**

Security analysis consists of reviewing S&P 500® constituent data provided by Standard & Poor's. This data details which companies are held by the index and what the weightings are for each company. The Advisor uses this data to mirror the Fund's portfolio to the index.

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### **Investment Strategies**

ONEFUND manages a portfolio of securities that track the S&P 500® Equal Weight Index for Index Funds.

Under normal circumstances, ONEFUND primarily utilizes equities, mutual funds, and ETFs to achieve its objectives.

Investors in the Fund should consult the prospectus and statement of additional information for a more detailed description of their investment strategies and the associated risks. The firm reserves the right to utilize some or all of the strategies discussed herein, or to modify the manner in which they are used.

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### **Risk of Loss**

All investment programs have certain risks that are borne by the investor, and all investors should be prepared to bear losses. Investors in the Fund should consult the prospectus and statement of additional information for a more detailed description of the associated risks. Our investment approach constantly keeps the risk of loss in mind. Investors may generally face the following investment risks associated with the strategies that the firm may employ:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

#### Disciplinary Information

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##### **Legal and Disciplinary**

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

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

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##### **Code of Ethics**

The employees of the firm have committed to a Code of Ethics that is available for review by clients and prospective clients upon request.

ONEFUND has adopted a Code of Ethics that it believes is reasonably designed to protect against conflicts between the personal securities transactions (if any) of the firm and its principals, officers and employees (and members of their families) and transactions effected on behalf of clients. The



Code of Ethics is based on the principle that the firm and its employees owe a fiduciary duty to the clients. Thus, employees of the firm must generally (i) place the interests of clients first, (ii) avoid taking inappropriate advantage of their positions within the firm, and (iii) conduct their personal securities transactions (if any) in full compliance with the Code of Ethics.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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**Participation or Interest in Client Transactions**

ONEFUND and its employees may buy or sell securities that are also held by the Fund. If an employee wishes to buy or sell one of the securities held by the Fund, the employee must turn in a request to the CCO prior to purchase or sale. The CCO then reviews and signs off prior to purchase. Holdings of the Fund are immediately made available to employees upon request. Mutual funds and ETFs are exempt from this restriction, and therefore do not require prior approval for purchase.

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**Personal Trading**

The Chief Compliance Officer of ONEFUND is Michael Willis. He typically reviews all employee trades, including his own trades, each quarter. The personal trading reviews seek to ensure that the personal trading of employees does not affect the markets, and that clients of the firm are not disadvantaged.

## Brokerage Practices

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**Selecting Brokerage Firms**

ONEFUND typically has discretionary authority to determine the type, amount, price and timing of securities being bought and sold on behalf of each of its client, including the selection of and commissions paid to brokers, subject to each client's investment policies and goals.

ONEFUND, in seeking to obtain the best execution of portfolio transactions, may consider the quality and reliability of brokerage services. Factors considered by the firm in selecting brokers and dealers may include the following: price; the broker's or dealer's facilities, reliability and financial stability; the ability of the broker or dealer to effect securities transactions, particularly with regard to such aspects as complexity of the trade, timing, order size and execution of the orders; and the brokerage and research products and services provided by that broker or dealer to the firm that are expected to enhance the firm's general portfolio management capabilities, notwithstanding that a client may not be the direct or exclusive beneficiary of such services.

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## **Best Execution, Soft Dollars and Directed Brokerage**

Commission rates, being a component of price, are one factor considered together with other factors. ONEFUND may cause a client's account to pay a broker or dealer a commission for effecting a transaction for the client's account that may be higher than a commission charged by another broker if ONEFUND believes the service it receives is better.

To mitigate and address any conflicts of interest that may arise, the firm has adopted policies and procedures to evaluate, on an ongoing basis, the value of a broker's services and the reasonableness of any commissions charged. ONEFUND does not receive any portion of the trading fees.

As of the date of this brochure, ONEFUND does not have any soft dollar arrangements in place with brokers, and does not use soft dollars.

As noted above, the firm typically retains discretion over brokerage selection. Certain clients may sometimes wish to restrict brokerage to a particular broker. Because directed brokerage may, in the firm's view, restrict the discretion the firm would otherwise have in selecting broker-dealers to effect transactions and in negotiating commissions generally for the client's account, ONEFUND typically does not permit directed brokerage arrangements.

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## **Order Aggregation**

Since the Advisor only has one client, order aggregation does not apply.

### **Review of Accounts**

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## **Periodic Reviews**

Fund Account reviews are typically performed quarterly by Michael Willis, President of ONEFUND at the Quarterly Board Meetings for INDEX FUNDS.

The Fund also makes available their annual and semi-annual reports as required by the Investment Company Act of 1940.

### **Client Referrals and Other Compensation**

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## **Referrals**

ONEFUND does not currently engage or compensate third parties for referrals. However, it reserves the right to. If ONEFUND does engage or compensate third parties for referrals, this compensation will be disclosed by the Advisor.

### **Custody**

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## **SEC "Custody"**

ONEFUND does not retain physical custody of clients' funds or securities. Assets are held at a qualified custodians. Each qualified custodian typically provides account statements directly to clients at their address of record at least quarterly. Assets of the Funds are custodied pursuant to an agreement between a qualified custodian and the Index Funds trust, in accordance with the requirements of the Investment Company Act of 1940, and the firm does not retain custody of those assets.

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**Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by ONEFUND.

Investment Discretion

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**Discretionary Authority for Trading**

ONEFUND accepts discretionary authority to manage securities accounts on behalf of clients. ONEFUND typically has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. Limitations on discretionary authority may be negotiated at the firm's discretion. Discretionary authority is typically conferred via standard investment management agreements and/or powers of attorney if applicable.

Voting Client Securities

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**Proxy Votes**

Since the Advisor has no other clients other than a mutual fund client, the only proxy policy applicable is the proxy policy of the Fund, INDEX, which can be found in the prospectus at [www.index.fund](http://www.index.fund).

Financial Information

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**Financial Condition**

ONEFUND does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because the firm does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.