

# DISCLOSURE BROCHURE

MARCH 27, 2020



**AdvicePeriod**

This brochure provides information about the qualifications and business practices of AdvicePeriod, LLC (hereinafter "AdvicePeriod" or the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed below. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). AdvicePeriod is an SEC registered investment adviser. Registration does not imply any level of skill or training.

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## Item 2. Material Changes

In this Item, AdvicePeriod is required to discuss any material changes that have been made to the brochure since the last annual amendment dated March 21, 2019. We have made the following material changes to the brochure:

- There have been no material changes

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## Item 4. Advisory Business

AdvicePeriod is an independent registered investment adviser founded in 2013. As the name suggests, AdvicePeriod is dedicated to adding value through effective financial planning, tax and fee minimization, and estate planning advice. To best serve clients, the Firm is committed to minimizing potential conflicts of interest and providing transparent pricing.

The Firm offers coordination of predominantly passive (index) investment management services, with the use of active management and alternative investments when appropriate. Accustomed to servicing clients with complex estate planning and tax needs, the Firm provides wealth advisory oversight solutions aimed towards providing clients with actionable advice. Where appropriate, AdvicePeriod's advisors will work with a client's other advisors to ensure effective execution of suggested strategies. Prior to the rendering of any of the foregoing advisory services, clients are required to enter into one or more written agreements with AdvicePeriod setting forth the relevant terms and conditions of the advisory relationship (the "Agreement").

AdvicePeriod is majority owned by OpenAdvisors, LLC. OpenAdvisors, LLC is principally owned by Steven D. Lockshin. As of January 31, 2020, AdvicePeriod had \$3,467,735,678 in assets under management, of which, \$3,466,237,641 was managed on a discretionary basis and \$1,498,037 was managed on a non-discretionary basis.

While this brochure generally describes the business of AdvicePeriod, certain sections also discuss the activities of its *Supervised Persons*, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on AdvicePeriod's behalf and is subject to the Firm's supervision or control.

## Investment Management Services

The Firm will typically assist clients in determining their investment objectives, risk tolerance, and cash flow needs, which are documented in an Investment Policy Statement and reviewed periodically. All portfolios are customized for each investor; albeit focused on planning first and passive (index) investing to effect the plan. The determination of an

appropriate portfolio for each client is a function of current and future cash flow needs, risk tolerance, time horizon, terminal value (wealth transfer) goals, and modeled returns.

AdvicePeriod's target clientele are taxable investors, thereby making tax efficiency a critical component of the portfolio construction process. The Firm employs a proactive use of asset location – seeking to place assets in the optimal location to minimize income tax implications and/or maximize estate tax effectiveness.

AdvicePeriod primarily allocates client assets among various investment strategies, with a strong bias for low-fee, tax advantaged investments typically embodied through a passive approach to the markets. However, where certain inefficiencies present themselves or the Firm believes that a manager has an unusual advantage in a marketplace, AdvicePeriod may suggest and employ other strategies. Where appropriate, these strategies include the use of independent investment managers ("*Independent Managers*"), mutual funds, exchange-traded funds ("*ETFs*"), or other listed securities, in accordance with the investment objectives of its individual clients. In addition, again, where appropriate, AdvicePeriod also recommends that qualifying clients invest in privately placed securities, which may include debt, structured products, equity and/or interests in unregistered, pooled investment vehicles (e.g., hedge funds) – please see Risk of Loss under Item 8. When requested, the Firm also provides advice about client-selected securities, legacy positions, or other investments held in client portfolios. Clients can engage AdvicePeriod to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plan and qualified tuition plans (i.e., 529 plans). In these situations, AdvicePeriod directs or recommends the allocations of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

AdvicePeriod tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. AdvicePeriod consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are

advised to promptly notify AdvicePeriod if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if AdvicePeriod determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

### Wealth Advisory Oversight Services

AdvicePeriod believes effective wealth planning is just as important as asset management. Accordingly, in addition to its investment management offering, where appropriate, AdvicePeriod also provides clients with integrated wealth advisory oversight services, which can include general oversight and guidance on any or all of the following services, among others:

- General Financial Oversight
- Insurance Review
- Wealth Transfer and Estate Planning
- Investment Planning
- Trust Advisory Services
- Concentrated Wealth Strategies
- Family Governance
- Investment Management
- Philanthropy

In performing these services, AdvicePeriod is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information.

AdvicePeriod recommends the services of itself or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage AdvicePeriod to provide additional fee-based services (e.g. custom reporting, or special projects). Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by AdvicePeriod under a wealth advisory oversight engagement or to engage the services of any such

recommended professionals, including AdvicePeriod itself. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising AdvicePeriod's previous recommendations and/or services.

### Core Family Office Services

AdvicePeriod offers core family office ("CFO") services along with other services or independently, which includes the assistance with bill or invoice payments through Bill.com or another equivalent online platform. AdvicePeriod is designated as administrator which gives AdvicePeriod the authority and ability to categorize and approve bills, authorize and schedule payments, and control user access (such as adding and deactivating users on the account) depending on the scope of services selected. CFO Services may include: banking, paying bills, record keeping, reporting, and payroll. Clients typically serve as final releaser of all payments and/or external disbursements through the Bill Pay Platform (or other equivalent online platform) and AdvicePeriod requires client consent to disburse funds with respect to each individual bill to be paid prior to making such payment.

### Use of Independent Managers

As mentioned above, where appropriate, AdvicePeriod allocates client assets to certain *Independent Managers* to actively manage those assets. The specific terms and conditions, including payment of separately managed fees under which a client engages an *Independent Manager* are set forth in a separate written agreement between the designated *Independent Manager* and either AdvicePeriod or the client. In addition to this brochure, clients also receive the written disclosure documents of the designated *Independent Managers* engaged to manage their assets.

When employed, AdvicePeriod evaluates various information about the *Independent Managers* it chooses to manage client portfolios, which include, as appropriate, the *Independent Managers'* public disclosure documents, materials supplied by the *Independent Managers* themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Independent Managers* investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. AdvicePeriod also takes into consideration each *Independent*

*Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

AdvicePeriod continues to provide services relative to the discretionary selection of the *Independent Managers*. On an ongoing basis, the Firm monitors the performance of those accounts being managed by *Independent Managers*. AdvicePeriod seeks to ensure the *Independent Managers'* strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

### **Robo-Advisory Program**

For some clients, our Partner Advisors may recommend a web-based electronic investment advisory program operated and provided by Betterment LLC, an affiliated third party investment adviser ("Betterment"). Under this arrangement, clients sign an agreement with Betterment and access Betterment exclusively through their website. Clients provide Betterment with their risk tolerance, financial circumstances and other information and their portfolio is created with asset allocations in exchange-traded funds (ETFs) that match tolerance levels and goals. Betterment then provides investment advice to the client and directs trades to its affiliate broker-dealer, Betterment Securities (neither client nor AdvicePeriod can enter trades). In addition to the advisory fee a client agrees to pay AdvicePeriod, clients pay Betterment a wrap fee that covers the investment advice, execution, and custody of the client's account in the Betterment Program.

### **Clients should understand that with Robo-Advisory Services:**

- Advice provided by Betterment is computer-generated, and therefore inherently has several limitations (including that neither AdvicePeriod nor Betterment can ensure that the Program can achieve any particular tax result for any client; the algorithm may rebalance Program accounts without regard to the then-current market conditions or on a more frequent basis than the client might otherwise expect; the algorithm may not address prolonged market condition changes; and the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future security, market, industry, and sector performance);
- AdvicePeriod will be unable to manage your Program account in a way we may otherwise advise for advisory accounts we manage;



- Betterment can amend the terms of the client's agreement at any time upon notice to the client;
- A client's participation in the web-based electronic investment advisory program is subject to numerous conditions (as noted on the website);
- Clients must agree to arbitration of any disputes they may have with Betterment; and
- Betterment fees are billed in arrears while AdvicePeriod fees are billed in advance.

## Item 5. Fees and Compensation

AdvicePeriod offers its services on a fee basis, which includes fixed fees or fees based upon assets under management or advisement depending on the client relationship. For Core Family Office Services, AdvicePeriod charges on an hourly basis.

### Fees

Clients generally pay ninety-five (95) basis points based on the market value of the assets being managed by the Firm, although that amount may be higher or lower depending on various circumstances. Although AdvicePeriod does not have a minimum account size, it may set a fixed fee term based on client situations and as a result, the fixed fee may cause our typical 95 basis points to be higher. Fixed fees, as well as AUM fees, are based on various factors such as investable assets, administration, reporting, oversight, financial planning, estate planning, client complexity as well as assets under advisement.

The annual fee for AdvicePeriod's services is prorated and typically is charged prospectively on a quarterly basis. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding balance is charged to the client, as appropriate, or any prospective payment in excess of the prorated portion is credited to the client's account.

The hourly rates for CFO Services:

- Principals \$600 - \$800
- Managers \$300 - \$450
- Associates \$150 - \$250
- Staff Accountants \$100 - \$150

The rates for CFO services are determined by the scope and complexities of services required and the rates are based upon the experience of the individual. The rates for CFO services are billed in arrears separately from advisory fees which are typically billed in advance.

### Fee Discretion

AdvicePeriod, in its sole discretion, may negotiate to charge a greater or lesser fee based upon certain criteria, such as the complexity of the client's portfolio, the level of expertise required to service the account, the staff time involved in servicing the account, potential value added to the client for the services to be provided, pre-existing client relationships, anticipated future additional assets, dollar amount of assets to be managed, account retention and *pro bono* activities among other factors. Related client accounts may be aggregated for purposes of calculating fees. AdvicePeriod may waive its advisory fee at any time when it deems it appropriate and/or necessary.

### Use of Margin

Where appropriate, AdvicePeriod is authorized to use margin in the management of the client's investment portfolio. In these cases, the fee payable will be assessed gross of margin such that the market value of the client's account and corresponding fee payable by the client to AdvicePeriod will be increased.

### Additional Fees and Expenses

In addition to the advisory fees paid to AdvicePeriod, clients bear certain charges that are imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "*Financial Institutions*"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the *Independent Managers*, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), margin costs, reporting charges, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12 below.

### **Fee Debit**

Clients generally provide AdvicePeriod and/or the Independent Managers with the authority to directly debit their accounts for payment of the Firm's advisory fees. The *Financial Institutions* that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to AdvicePeriod. Alternatively, clients may elect to have AdvicePeriod send them an invoice for direct payment.

### **Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time, subject to AdvicePeriod's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to AdvicePeriod, subject to the usual and customary securities settlement procedures. However, AdvicePeriod generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. AdvicePeriod will consult with its clients about the options and implications of transferring securities as necessary. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

## **Item 6. Performance Based Fees and Side-by-Side Management**

AdvicePeriod does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7. Types of Clients**

AdvicePeriod provides its services to individuals, trusts, estates, family entities, charitable organizations, corporations, and other business entities.

### **Minimum Portfolio Size**

AdvicePeriod does not impose an account minimum as a condition of starting and maintaining a relationship with clients although it may set a fixed fee term based on client situations and as a result, the fixed fee may cause our typical 95 basis points to be higher. Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than AdvicePeriod. In such instances, AdvicePeriod may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

### Methods of Analysis and Investment Strategies

AdvicePeriod predominantly allocates client assets to passive or quasi-passive (tax enhanced) strategies utilizing publicly traded securities such as ETFs and mutual funds, or one or more portfolios of liquid securities that are professionally managed. Nevertheless, individual client circumstances may dictate the use of other types of securities, actively managed portfolios, or alternative investments.

When utilizing active portfolio managers, alternative assets, or strategies that otherwise deviate from the general asset classes used when modeling client portfolios, AdvicePeriod relies on research provided by professional companies dedicated to the business of providing investment manager research and due diligence. The firm has elected to utilize the services of one or more professional research firms because AdvicePeriod believes that its resource allocation is more effective when allocated to wealth/financial planning, income and estate tax planning, and discipline around strategic asset allocation. Some of these investments may require minimum investments as well as income or net worth requirements and typically are considered to be illiquid investments. Should a client terminate AdvicePeriod's services, these investments may not be able to be liquidated immediately, if at all.

### Risks of Loss

#### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

### *Market Risks*

The profitability of a significant portion of AdvicePeriod's recommendations may depend to a great extent upon correctly assessing the long-term future course of price movements of stocks and bonds. There can be no assurance that AdvicePeriod will be able to predict those price movements accurately.

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholder fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Options*

Options allow investors to buy or sell a security at a contracted strike price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge against potential losses or to speculate on the performance of the underlying securities. Option transactions involve inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase or decrease to the level of the respective strike price. Holders of option contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

### *Use of Independent Managers*

AdvicePeriod may recommend the use of *Independent Managers*. In these situations, AdvicePeriod generally relies on the ongoing due diligence of professional research firms, but such recommendations rely to a great extent on the *Independent Managers'* ability to successfully implement their investment strategies. In addition, AdvicePeriod generally may not have the ability to supervise the *Independent Managers* on a day-to-day basis.

### *Use of Private Collective Investment Vehicles and Structured Instrument Vehicles*

In limited circumstances, AdvicePeriod may recommend that certain clients invest in privately placed collective investment vehicles and/or structured instrument vehicles (e.g., hedge funds, private equity funds, structured solutions, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. Structured solutions offers principal protection, but the return of principal remains subject to the credit risk of the issuer who may also call the structured solution prior to maturity. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities including the inability to liquidate. Clients should consult each fund's private placement memorandum and other offering documents explaining such risks prior to investing.

### *Exchange-Traded Notes (ETNs)*

AdvicePeriod may recommend an investment in, or allocate assets among, various exchange-traded notes (“ETNs”). ETNs are unsecured debt securities which are listed on securities exchanges and transacted at negotiated prices in the secondary market. ETNs are designed to track the performance of a corresponding benchmark. An ETN is essentially a contract between an issuer and the ETN holder, whereby the issuer, upon maturity, agrees to pay an amount relative to the returns of the underlying benchmark. In addition to the risks associated with the specific benchmark, ETN holders are also subject to various counterparty concerns. In this respect, the value of an ETN may be adversely impacted by a downgrade to the issuer’s credit rating and/or an unwillingness or inability of the issuer to perform its contractual obligations.

### *Use of Margin*

While the use of margin borrowing can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a *Financial Institution*, which is secured by a client’s holdings. Under certain circumstances, a lending *Financial Institution* may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the *Financial Institution* may liquidate account assets to satisfy the client’s outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client’s borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client’s portfolio.

## **Item 9. Disciplinary Information**

AdvicePeriod has not been involved in any legal or disciplinary events that are material to a client’s evaluation of its advisory business or the integrity of its management.

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

### **Affiliations with Other Institutions and Independent Managers**

An AdvicePeriod *Supervised Person* has a minority, non-controlling equity position in Betterment Holdings, Inc., which owns Betterment LLC (“*Betterment*”), an SEC registered

investment adviser, and MTG, LLC d/b/a Betterment Securities ("*Betterment Securities*"), an SEC registered broker dealer.

As discussed above, AdvicePeriod recommends that certain clients authorize the discretionary management of a portion of their assets by and/or among certain *Independent Managers*, including *Betterment*. This relationship results in a conflict of interest where AdvicePeriod considers utilizing *Betterment* as an Independent Manager for client accounts because the *Supervised Persons* are entitled to receive distributions relative to their respective equity positions in *Betterment*. As a result, AdvicePeriod has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of its clients.

In addition, AdvicePeriod is under common control with B+ Institutional Services, LLC ("*B+*"), an SEC registered investment adviser. *B+* is a firm that markets *Betterment's* institutional platform for *Betterment's* custodial and asset management services to investment advisors, including AdvicePeriod.

Certain *Supervised Persons* of AdvicePeriod have an ownership interest in B+, which receives compensation for recommending the Betterment platform for custodial and asset management services to AdvicePeriod. The compensation earned by B+, (and therefore the *Supervised Persons* of AdvicePeriod that have an ownership interest in B+) is based on a percentage of AdvicePeriod's clients' assets placed on the Betterment platform. Therefore, a conflict of interest exists as AdvicePeriod has an incentive to recommend Betterment's custodial and asset management platform to its clients because of the compensation that would be earned by B+ and those *Supervised Persons* of AdvicePeriod that have an ownership interest in B+.

AdvicePeriod does not have any affiliations with insurance underwriters or companies, but as part of its services, may recommend certain insurance and insurance products to clients. Although no one at AdvicePeriod receives an insurance commission, conflicts exist as there is an incentive that the firm may receive advisory fees based on AUM.



## Item 11. Code of Ethics

As a fiduciary, AdvicePeriod must always place the interests of clients first – before that of the Firm or employees. AdvicePeriod strives to identify, eliminate and/or mitigate conflicts and potential conflicts of interest and has adopted policies, procedures and oversight mechanisms to address such conflicts and potential conflicts of interest. The Firm has specifically adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940. The Code of Ethics emphasizes AdvicePeriod’s fiduciary obligation to put client interests first and is designed to ensure personal securities transactions, activities and interests of employees will not interfere with the responsibilities to make decisions in the best interest of clients.

AdvicePeriod employees may trade for their own accounts in securities that are held in client accounts with the exceptions noted below. The Code of Ethics sets forth the standards of conduct expected of all Employees of the Firm and requires certain business activity or conduct to not only be reported, but to be monitored to avoid potential conflicts of interest, some of which are described below.

The principal terms of the Code of Ethics are as follows:

- Employees must provide detailed reporting of their personal securities upon joining AdvicePeriod (annually thereafter) and their security transactions on a quarterly basis.
- No Employee, while aware of material nonpublic information about a company, may purchase or sell securities of that company until the information becomes publicly disseminated and the market has had an opportunity to react.
- No Employee will disclose material nonpublic information about a company to any person except for lawful purposes.
- No Employee may originate or circulate any rumor concerning any security.
- No Employee may purchase or sell any Restricted Securities, which extend to options, swaps, rights or warrants relating to those securities and any securities convertible into those securities, that are found on AdvicePeriod’s Restricted Securities List without prior approval from the Chief Compliance Officer.
- No Employee will acquire any security or investment in an Initial Public Offering, a Limited Offering, or a Private Placement without prior approval from the Chief Compliance Officer.

- Employees must receive prior approval for all outside business activities.
- Employees must report certain gifts and entertainment to the Chief Compliance Officer.

Clients and prospective clients may contact AdvicePeriod to request a copy of its Code of Ethics.

## Item 12. Brokerage Practices

When applicable, AdvicePeriod generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services, Fidelity Family Office Services ("Fidelity"), Schwab Advisor Services <sup>TM</sup> ("Schwab"), TD Ameritrade Institutional ("TD Ameritrade") and/or Betterment Securities, all registered broker-dealers, member SIPC, and qualified custodians, to maintain custody of clients' assets and to effect trades for their accounts. Fidelity, Schwab, and TD Ameritrade will hold client assets and buy and sell securities when instructed to do so. While we recommend that clients use Fidelity, Schwab, TD Ameritrade and/or Betterment, clients will decide whether to do so and will open accounts directly with Fidelity, Schwab, TD Ameritrade, and/or Betterment by entering into an account agreement directly with them. They provide us and clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to retail customers. Clients managed assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. AdvicePeriod is independently owned and operated and not affiliated with either of Fidelity, Schwab, or TD Ameritrade. Betterment Securities functions as the broker-dealer for any client portfolios managed on the Betterment platform. As mentioned in Item 10 above, certain Supervised Persons have minority, non-controlling equity positions in Betterment Holdings, Inc. As a result, a conflict of interest exists because AdvicePeriod has an incentive to recommend Betterment's products and services to its clients because of the compensation that is received by certain Supervised Persons who have an equity interest in Betterment or its affiliates.

Factors which AdvicePeriod considers in recommending Fidelity, Schwab, TD Ameritrade, Betterment Securities, or any other broker-dealer to clients includes, but is not limited to:

- Combination of transaction execution services and asset custody services (generally

- without a separate fee for custody);
- Capability to execute, clear, and settle trades (buy and sell securities for client accounts);
  - Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
  - Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds);
  - Availability of investment research and tools that assist in making investment decisions;
  - Quality of services;
  - Competitiveness of the price of those services (commission rates, margin interest rates, other fees) and willingness to negotiate the prices;
  - Reputation, financial strength, security and stability;
  - Prior service to AdvicePeriod and our clients; and
  - Availability of other products and services.

Schwab, Fidelity, and TD Ameritrade generally do not charge separately for custody services but are compensated by charging commissions or other fees on trades that they execute or settle into client accounts. Certain trades (for example, many mutual funds and ETFs) may not incur commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in client accounts in Schwab's Cash Features Program. The commissions and/or transaction fees charged by Fidelity, Schwab, or TD Ameritrade may be higher or lower than those charged by other Financial Institutions. The commissions paid by AdvicePeriod's clients comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where AdvicePeriod determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates and responsiveness. AdvicePeriod seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

AdvicePeriod periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution. The client may direct AdvicePeriod in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution* and the Firm will not seek better execution services or prices from other *Financial Institutions* or be able to “batch” client transactions for execution through other *Financial Institutions* with orders for other accounts managed by AdvicePeriod (as described below). As a result, the client may pay higher transaction costs (e.g., brokerage commissions and spreads) or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, AdvicePeriod may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless AdvicePeriod decides to purchase or sell the same securities for several clients at approximately the same time. AdvicePeriod may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among AdvicePeriod’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among AdvicePeriod’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that AdvicePeriod determines to aggregate client orders for the purchase or sale of securities, including securities in which AdvicePeriod’s *Supervised Persons* may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. AdvicePeriod does not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares will be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be

given to one account when such account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares will be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations will be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, AdvicePeriod may exclude the account(s) from the allocation; the transactions will be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares will be allocated to one or more accounts on a random basis.

### **Software, Support, and Services Provided by Financial Institutions**

AdvicePeriod receives from Fidelity, Schwab and/or Betterment Securities (collectively, "Recommended Financial Institutions") services which include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in its custody, Recommended Financial Institutions generally do not charge separately for custody services but are compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Recommended Financial Institutions or that settle into their accounts.

Recommended Financial Institutions also make available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by each Recommended Financial Institution. Other potential benefits may include occasional business entertainment of personnel of AdvicePeriod by Recommended Financial Institution personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational

opportunities. Other of these products and services assist AdvicePeriod in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at Recommended Financial Institution. Recommended Financial Institutions also make available to AdvicePeriod other services intended to help the Firm manage and further develop its business enterprise, services which generally benefit only us. These services may include educational conferences and events; consulting on technology, compliance, legal, and business needs; publications and conferences on practice management and business succession; access to employee benefits providers, human capital consultants, and insurance providers; and marketing consulting and support. In addition, Recommended Financial Institutions may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. Recommended Financial Institutions may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, AdvicePeriod endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Recommended Financial Institutions may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by the Recommended Financial Institution, which creates a potential conflict of interest.

### Soft Dollar Practices

AdvicePeriod receives research and brokerage services from a brokerage firm with which we effect transactions. Arrangements under which products or services other than execution of securities transactions are obtained by an adviser from or through a broker-dealer in exchange for the direction by the adviser of client brokerage transactions to the broker-dealer are known as "soft dollar" practices. When a firm uses client brokerage commissions to obtain soft dollars, the firm receives a benefit by not having to produce or pay for such

items. As such, a firm has an incentive to select or recommend a certain broker-dealer based on soft dollars received and/or to trade frequently to generate commissions to pay for these products or services. AdvicePeriod has procedures in place in which all new soft dollar arrangements must first be approved and then reviewed on an annual basis.

Section 28(e) of the Securities Exchange Act of 1934 permits registered investment advisers to pay a broker-dealer a commission that is higher than another broker-dealer might have charged when the registered investment adviser believes that it is reasonable given the value of any research and/or brokerage services provided by the broker-dealer that provide lawful and appropriate assistance to the investment adviser in its investment decision-making or trade execution processes. In such circumstances, the investment adviser may be deemed to be paying for such research and/or brokerage services with client commissions, known as soft dollars.

Once a Soft Dollar arrangement with a Broker-Dealer has been approved, research and brokerage services will be reviewed prior to the use of soft dollar benefits. All research and brokerage services knowingly acquired with soft dollars in connection with broker-dealer relationships are required by AdvicePeriod policy to constitute eligible research and brokerage services for purposes of Section 28(e) of the Securities Exchange Act of 1934.

AdvicePeriod does not negotiate specific soft dollar commission payment amounts or have arrangements with broker-dealers under which a specified portion of a commission is set aside for AdvicePeriod to use in paying for third-party research and/or third-party brokerage services. Broker-dealers may and/or do provide AdvicePeriod with research and/or third-party brokerage services, including, among other things, brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

AdvicePeriod attempts to mitigate potential conflicts through oversight of the initial soft dollar arrangement with any broker-deal, review of the soft dollar products and services to

be used by the firm to ensure they fall within the safe harbor of Section 28(e), and review of client commissions paid on a quarterly basis by the Best Execution Committee.

Research or other brokerage services received may not always be used by or for the benefit of the Client that pays the commissions used to obtain the research or brokerage services.

## **Item 13. Review of Accounts**

### **Account Reviews**

For those clients to whom AdvicePeriod provides investment management services, AdvicePeriod monitors and reviews those portfolios as part of an ongoing process. For those clients to whom AdvicePeriod provides wealth advisory oversight services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of AdvicePeriod’s investment adviser representatives. All clients are encouraged to discuss their needs, goals and objectives with AdvicePeriod and to keep AdvicePeriod informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/ or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

### ***Account Statements and Reports***

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are held in custody. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from AdvicePeriod and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their Financial Institution with those they receive from AdvicePeriod or an outside service provider.



## Item 14. Client Referrals and Other Compensation

AdvicePeriod receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent advisors whose clients maintain their accounts at Schwab. In addition, Schwab has also agreed to pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at Schwab reaches a certain amount. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices).

### Client Referrals

AdvicePeriod is required to disclose any direct or indirect compensation that it provides for client referrals.

AdvicePeriod provides compensation to third parties for client referrals. In the event a client is introduced to AdvicePeriod by either an unaffiliated or an affiliated solicitor, AdvicePeriod may pay that solicitor a referral fee in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940. Certain solicitors may themselves be registered investment advisers. The referral fee shall be paid solely from AdvicePeriod's fee as defined in the client investment advisor agreement, and shall not result in any additional charge to clients. Any affiliated solicitor of AdvicePeriod will disclose the nature of the relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of this brochure. By signing the investment advisory agreement (which may be done electronically), the client acknowledges receipt of the written disclosure statement disclosing the terms of the solicitation arrangement between AdvicePeriod and the solicitor, including the compensation to be received by the solicitor from AdvicePeriod.

AdvicePeriod participates in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which AdvicePeriod receives referrals from Fidelity Personal and Workplace Advisors LLC ("FPWA"), a registered investment adviser and Fidelity Investments company. AdvicePeriod is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control AdvicePeriod, and FPWA has no responsibility or oversight for AdvicePeriod's provision of investment management or other advisory services.

Under the WAS Program, FPWA acts as a solicitor for AdvicePeriod, and AdvicePeriod pays referral fees to FPWA for each referral received based on AdvicePeriod's assets under management attributable to each client referred by FPWA or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from FPWA to AdvicePeriod does not constitute a recommendation or endorsement by FPWA of AdvicePeriod's particular investment management services or strategies. More specifically, AdvicePeriod pays the following amounts to FPWA for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, AdvicePeriod has agreed to pay FPWA a minimum annual fee amount in connection with its participation in the WAS Program. These referral fees are paid by AdvicePeriod and not the client.

To receive referrals from the WAS Program, AdvicePeriod must meet certain minimum participation criteria, but AdvicePeriod may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, AdvicePeriod may have a potential conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and AdvicePeriod may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to AdvicePeriod as part of the WAS Program. Under an agreement with FPWA, AdvicePeriod has agreed that it will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, AdvicePeriod has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when AdvicePeriod's fiduciary duties would so require, and AdvicePeriod has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA's affiliates to another custodian; therefore, AdvicePeriod may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit AdvicePeriod's duty to select brokers on the basis of best execution.

Additionally, AdvicePeriod is a participant in the Betterment Advisor Network program which offers clients to be matched with an advisor who can provide comprehensive financial planning. Betterment will share in a portion of the advisory fee the client pays to AdvicePeriod. The client will be required to sign an agreement directly with Betterment as well as a discretionary agreement with AdvicePeriod. Revenue sharing will be used as an offset against the client fee.

The sharing of revenue with Betterment will not affect the amount being charged to the client by AdvicePeriod. The sharing of revenue shall be paid solely from AdvicePeriod's standard investment management fee and shall not result in any additional charge to the client. AdvicePeriod's fee would be the same, regardless of whether a solicitation fee is paid.

AdvicePeriod receives a non-economic benefit from Betterment for Advisors and Betterment Securities in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Betterment Securities. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices). The availability to us of Betterment for Advisors' and Betterment Securities' products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

AdvicePeriod compensates SmartAsset, an online financial services platform, for providing client leads to the Firm based on information shared with SmartAsset by prospective clients, including information relating to their financial goals, financial health, and demographic information. Client leads are filtered and sent to the Firm by SmartAsset based on parameters such as, among other things, geography, minimum asset requirements, and types of services offered and desired. The Firm pays SmartAsset a fixed amount for each client lead, regardless of whether the Firm enters into an advisory relationship with the prospective client. The amount of compensation earned by SmartAsset with respect to each client lead is not based on the amount of compensation earned by the Firm from such referred client.

Additionally, AdvicePeriod may receive client referrals from Zoe Financial, Inc. through its participation in Zoe Advisor Network ("ZAN"). Zoe Financial, Inc. is independent of and unaffiliated with AdvicePeriod and there is no employee relationship between us. Zoe Financial, Inc. established ZAN as a means of referring individuals and other investors seeking fee-only personal investment management services or financial planning services to independent investment advisors. Zoe Financial, Inc. does not supervise AdvicePeriod and has no responsibility for our management of client portfolios or our other advice or services. AdvicePeriod pays Zoe Financial, Inc. an on-going fee for each successful client referral. This solicitation fee is usually a percentage of the advisory fee that the client pays to AdvicePeriod. We will not charge clients referred through ZAN any fees or costs higher than our standard fee schedule offered to our clients.

### Other Economic Benefits

AdvicePeriod is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. These types of relationships can present a conflict of interest. Any such relationship, and the resulting conflict of interest, is disclosed in response to Item 12 above.

## Item 15. Custody

AdvicePeriod's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize AdvicePeriod through such *Financial Institution* to debit the client's account for the amount of AdvicePeriod's fee and to directly remit that fee to AdvicePeriod in accordance with applicable custody rules. AdvicePeriod is also deemed to have custody of client assets when clients have standing letters of authorizations ("SLOA") with their custodian to move money from a client's account to a third-party and under that SLOA authorizes AdvicePeriod to designate the amount or timing of transfers with the custodian. In these instances, AdvicePeriod maintains client records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser, as outlined in the 02-21-17 Investment Adviser Association No-Action Letter.

Additionally, AdvicePeriod is deemed to have custody of certain client accounts as a result of direct bill payment through an independent third-party bill payment service in which AdvicePeriod initiates payments and an affiliated person of AdvicePeriod is either the trustee

or has power of attorney on client accounts. An independent certified public accountant conducts an annual surprise audit of AdvicePeriod based on the scope of these bill-pay accounts and trustee relationships.

The *Financial Institutions* that act as qualified custodian for client accounts have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of fees paid directly to AdvicePeriod. In addition, as discussed in Item 13, AdvicePeriod may send supplemental reports to clients. Clients should carefully review statements sent directly by the *Financial Institutions* and should compare them to any account information provided by AdvicePeriod.

## Item 16. Investment Discretion

As part of its investment management services, AdvicePeriod is generally given the authority to exercise discretion on behalf of its clients. AdvicePeriod is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. AdvicePeriod is given this authority through a limited power-of-attorney included in the *Agreement* between AdvicePeriod and the client. Clients may request further limitation on this authority (such as certain securities not to be bought or sold). AdvicePeriod takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

## Potential Conflicts Relating to Non-Discretionary Advisory Services

Although AdvicePeriod does not currently accept non-discretionary clients, there are several legacy, non-discretionary clients whose relationships pre-date the existence of AdvicePeriod. In those instances, AdvicePeriod provides non-discretionary investment management services in which we may advise a client with respect to purchasing, selling, holding, valuing, or exercising rights associated with particular investments. In these circumstances, we do not execute purchases or sales on behalf of the client. Discretionary and non-discretionary clients may hold the same or similar securities. Where AdvicePeriod

is given authority to execute transactions upon the approval of a non-discretionary client, there may be timing differences related to the provision of advice to a non-discretionary client for consideration and that client's determination of whether or not to act on the advice. As a result, trades may be executed for discretionary clients in advance of executions for non-discretionary clients, potentially disadvantaging the non-discretionary clients. Non-discretionary clients may not be able to participate in aggregated transactions due to such timing differences. As a result, non-discretionary clients may not be able to benefit from the most favorable price for a particular investment or may not be able to participate in certain investment opportunities.

## Item 17. Voting Client Securities

AdvicePeriod does not vote client securities nor does it prepare class action suit filings for or on behalf of its clients. Clients receive proxies directly from their *Financial Institutions*.

## Item 18. Financial Information

AdvicePeriod is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.