



**Item 1 – Cover Page**

# **Avenue Global Advisors LLC**

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## **Form ADV Part 2A**

### **Disclosure Brochure**

**March 27, 2020**

This disclosure brochure provides information about the qualifications and business practices of Avenue Global Advisors LLC (CRD #304498) (“Avenue”). If you have any questions about the contents of this Brochure, please contact us via email at [customer@avenueglobaladvisors.com](mailto:customer@avenueglobaladvisors.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Avenue is an investment adviser registered with the SEC. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information that you may use to determine whether to hire or retain them.

Additional information about Avenue is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Avenue is 304498. The SEC’s website also provides information about any persons affiliated with Avenue who are registered, or are required to be registered, as investment adviser representatives of Avenue.



## Item 2 –Material Changes

This document is the Part 2A of Form ADV: Disclosure Brochure (the “Brochure”) for Avenue. Pursuant to SEC requirements and rules, you will receive a summary of any material changes to this Brochure within one hundred twenty days of the close of Avenue’s December 31 fiscal year end.

Since our initial Brochure dated October 8, 2019, we have not made any material changes to the Brochure. However, routine edits to better reflect Avenue’s business have been made to Items 8 and 14.

The Brochure may be requested at any time, without charge, by contacting Avenue at [customer@avenueglobaladvisors.com](mailto:customer@avenueglobaladvisors.com) or by checking our website at <https://avenueglobaladvisors.com/>.



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## Item 4 – Advisory Business

### Description of the Advisory Firm

Avenue was founded on May 21, 2019. Additional information about Avenue is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Avenue is 304498. The SEC’s website also provides information about any persons affiliated with Avenue who are registered, or are required to be registered, as investment adviser representatives of Avenue.

Avenue is a registered investment adviser (“RIA”) that offers non-discretionary “Model Portfolios” to its advisory clients (each a “Client,” and collectively, “Clients”) through an online web-based application.

Avenue is a privately held company headquartered in Miami, Florida, wholly owned by Avenue Holdings Inc. Additional information about Avenue’s organizational and ownership structure is provided in Part 1 of Avenue’s Form ADV, which is available online at <http://www.adviserinfo.sec.gov>.

Avenue operates an investment platform (the “Platform”) available at <https://avenueglobaladvisors.com> (the “Website”). The Platform provides the Client with investment advice in the form of certain Model Portfolios designed to meet a Client’s financial goals. The investments offered through the program include primarily, but without limitation, a combination of exchange traded funds (“ETFs”), publicly traded equities, and real estate investment trusts (“REITs”) (collectively “Investments”). The Model Portfolios may be developed by Avenue, third parties, or affiliates of Avenue. The Website also provides general education courses and content regarding finance and markets. The advisory services are delivered solely through the Website. Avenue does not provide investment advice in person or over the phone or in any manner other than through the Website. Additional information about Avenue’s products and services is provided in Avenue’s Form ADV Part 1 available at <http://www.adviserinfo.sec.gov>. Avenue encourages visiting the Website for additional information. Avenue provides investment advice only with respect to a limited type of investment.

The Platform recommends one or more non-discretionary Model Portfolios to a Client based on certain provided information. The Platform does not consider the entire range of information provided for purposes of recommending Model Portfolios. The Platform currently relies solely on the questions relating to suitability (i.e., amount invested, amount invested relative to other assets of clients and cash needs) in recommending Model Portfolios, and these questions are not weighted equally. Clients should understand the recommendation of Model Portfolios relies upon the information provided by a Client, and Avenue does not capture any additional information not covered in the suitability questionnaire in making a risk assessment and providing investment advice.

The Model Portfolios allow a Client to gain exposure to a broad range of companies, industries, economic sectors, and investment strategies. Avenue reserves the right to change, in its sole discretion from time to time and without prior notice to Clients: (i) the Investments that comprise each of the Model Portfolios; and (ii) the relative weightings of various Investments within each of the Model Portfolios.

Interested parties may access the Platform where they are offered the Brochure that describes Avenue, its services, potential fees, etc., as well as any material conflicts of interest that could be reasonably expected to impair the rendering of unbiased and objective advice. Avenue’s privacy policy is also provided for



reference on the Platform. Both the Brochure and the privacy policy are available to interested parties for their download and/or printing.

## **Types of Advisory Services**

Avenue is an investment adviser that, through the operation of its Platform described herein, allows Clients to view and invest in a limited number of Model Portfolios.

The Platform will recommend one or more Model Portfolios based on information provided by a Client. The Platform does not consider the entire range of information provided through the Website for purposes of recommending the Model Portfolios. You should understand that the Website currently relies solely on the questions relating to suitability (i.e., amount invested, amount invested relative to other assets of clients and cash needs) in recommending Model Portfolios and that these factors are not weighted equally. You agree to access and review through the Website information identifying and describing the Model Portfolios.

Avenue does not automatically rebalance portfolios or otherwise manage accounts for Clients on a discretionary basis. Avenue, through the Platform, provides non-discretionary investment advisory services to each Client, and each Client is solely responsible for implementing any such advice. The investments in each Client's account for purposes of the Program is a brokerage account with Avenue Securities LLC and are held in the name of the Client at an independent custodian, and not with Avenue. All Client accounts ("Accounts") managed through the Website are required to use DriveWealth, LLC ("DriveWealth") as the independent custodian. Avenue does not have the authority to manage Client accounts on a discretionary basis and does not trade in any Client's account.

All transactions (whether purchases or sales of assets) must be initiated by the Client. Clients are free to initiate purchases and sales of Investments held in their Account at any time, subject to the ability of Avenue Securities LLC and DriveWealth to buy or sell the Investments. In certain cases, based on the ability of Avenue Securities LLC and DriveWealth to buy or sell an Investment, the delay in following a Client's instructions may be significant.

During the registration process for the Platform, each Client also electronically executes an advisory agreement ("Advisory Agreement") with Avenue. Clients receive Avenue's Form ADV Part 2A and Part 2B, privacy policy, terms of use and other applicable investment documents electronically during the registration process as well.

Avenue is registered with the SEC based on Rule 203A-2(e) under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), which is available to an investment adviser that provides advice solely through the Internet. Avenue provides advice to Clients exclusively through the Platform, as described above.

Avenue does not represent that the Platform is based on or meant to replace a comprehensive evaluation of any Client's entire financial life, considering all of the Client's circumstances. Clients are fully responsible for determining whether and when to implement any recommendations provided by Avenue. In addition, recommendations of Avenue are generally limited in scope to the questions Avenue asks and the information the Clients provide. Avenue does not provide comprehensive financial planning, and there may be other relevant factors and financial considerations that Avenue does not take into consideration in formulating the advice provided. Any recommendations provided by Avenue are not intended to comprise



any Client's complete investment program because Avenue is not necessarily aware of the Client's aggregate investable and invested assets and does not manage Accounts or any of the Client's assets on a discretionary basis. Furthermore, the Platform does not include or account for any assets held within an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended.

## **Client Tailored Services and Client Imposed Restrictions**

Avenue, as noted above, is an investment adviser that only provides non-discretionary investment advisory services with respect to Model Portfolios. Clients maintain full investment discretion over all Model Portfolios listed on the Platform.

Avenue matches Clients with potential Model Portfolios based on suitability factors such as the amount invested, the amount invested relative to other assets of clients and cash needs. Not all suitability factors are weighted equally. Such suitability information is provided via an interactive questionnaire presented by the Platform, as part of each Client's registration process ("[Suitability Questionnaire](#)"). If a Client feels any of the questions are unclear, or the Client does not understand why the information is being sought, please contact Avenue at [customer@avenueglobaladvisors.com](mailto:customer@avenueglobaladvisors.com). Each Client should take care when inputting answers or information. If the Client enters inaccurate information, the resulting recommendations may not be suitable for the Client.

The Platform uses a simple algorithm based solely on certain information provided by the Client via the Suitability Questionnaire, to provide the Client with recommended Model Portfolios. Clients should understand that the Model Portfolio selection relies upon answers to questions provided through the Suitability Questionnaire.

Avenue generally adjusts its Model Portfolios from time to time in response to or in anticipation of changing market conditions and other factors. Avenue will suggest one or more Model Portfolios for Accounts based on the investment objectives, investment time horizons, and risk tolerances of a Client. For example, more conservative risk scores are typically associated with Model Portfolios that result in a greater percentage of assets allocated to fixed-income and REIT asset classes, rather than to the equity asset class. However, more aggressive risk scores are typically associated with Model Portfolios that result in a greater percentage of assets allocated to the equity asset, rather than to fixed-income and REIT asset classes. Clients should consider the composition of the Model Portfolios carefully.

When participating in the Platform, Clients are limited to the purchase of Investments within the Model Portfolios; however, Clients are not required to follow the recommended Model Portfolios. Clients may, subject to certain restrictions, implement investment decisions and/or strategies via the Platform that do not coincide with the recommended Model Portfolios. Clients are responsible for updating their information through the Platform promptly should there be any changes in answers to questions in the Suitability Questionnaire.

The Model Portfolios provided to each Client have been identified by Avenue to coincide with specific investment guidelines. While Clients may pursue investment strategies outside the scope of the Model Portfolios, each Client is solely responsible for any decision to invest available to them through the Platform. Clients should carefully review and consider the information available on the Platform about each Model Portfolio, in any applicable ETF prospectus, and in any applicable public company filing or report before making any investment decision. Clients may impose reasonable investment restrictions on the management of their Account by means of their own investment discretion. Such restrictions may result in



a Client's Account being concentrated in one or a few sectors, industries, or securities. Concentrated positions typically increase the risk and volatility of the Account and may result in a decrease in diversification. Clients who implement an investment decision that is outside the scope of the recommended Model Portfolios should understand that such decision may not be suitable based on the Client's interactive questionnaire and that the Client's investment portfolio may perform worse over any time horizon than a portfolio recommended by Avenue.

Avenue employs a variety of methods and approaches when considering Investments and recommending Model Portfolios. Avenue's primary sources of information for such considerations include, among others, data provided by third-party data providers.

The ETFs made available through the Platform represent exposure to a broad array of strategies (e.g., conservative, modest, aggressive balanced risk funds), asset classes (e.g., small-cap, mid-cap, and large-cap US equities, fixed income, real estate, commodities), and industries (e.g., healthcare, defense, and consumer). In Avenue's due diligence and analysis process, Avenue focuses its evaluation on long-term issues related to the management of each ETF, both qualitative and quantitative. Qualitative factors may include fundamental changes in a manager's investment philosophy, organizational structure (e.g., manager tenure), and financial condition (including any significant changes in total assets under management). Quantitative factors may include adherence to fund objectives, performance, volatility, liquidity, and expenses. No single factor will determine whether an ETF should be added, retained, or eliminated; however, certain factors may carry more weight than others in Avenue's final analysis.

With respect to the single stock shares made available through the Platform, Avenue employs data-driven quantitative analysis and/or a combination of quantitative and qualitative analysis in order to implement and/or optimize the review and selection of Investments. Avenue selects single stock shares issued by companies representative of the U.S. stock market and economy, that have large market capitalization, that are highly liquid and actively traded on U.S. national stock exchanges. However, no single factor will determine whether a particular single stock share should be added, retained, or eliminated, and certain factors may carry more weight than others in Avenue's final analysis.

The ETF or single stock shares purchased or sold by a Client and/or held in Client accounts may be either whole shares or fractional shares, depending upon the amounts a Client invests in the particular ETF or single stock investment. Avenue enables dollar-based investing, whereby a Client can buy a fixed dollar amount rather than whole shares. Avenue, through DriveWealth, aggregates all dollar-based purchases and places whole share orders for executions. Thereafter, Avenue allocates the fractional shares to the individual Client accounts. Fractional shares, however, are typically not transferrable outside of a Client's advisory 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.

Each Client's holdings are available for viewing at all times through the Platform. The Platform generally includes information about the Client's Account, the Client's preferences, the performance of the Account and individual Investments held in the Account, and other topics. Clients can also approve and/or initiate transactions through the Platform.





## **Wrap Fee Program**

Eventually, Avenue will implement a wrap fee program and deploy the use of an algorithm on the Platform. The Algorithm will utilize the information from the questionnaire and provide the Client with access to a curated selection of suitable investment options. Details on the wrap fee program can be found in the corresponding brochure.

## **Assets Under Management**

As of the date of this filing, Avenue has no regulatory assets under management. Avenue does not provide discretionary advisory services.

## **Item 5 – Fees and Compensation**

### **Fee Schedule**

Avenue will not charge a fee for its advisory services or to access and view the Model Portfolios.

In the future, the fees charged to Clients may change. If so, Avenue will notify Clients through the Platform of the changes and amend this Brochure in accordance with applicable law.

### **Payment of Fees**

Avenue will not charge a fee for its advisory services.

### **Third-Party Fees**

A Client will incur certain charges imposed by custodians, brokers and other third parties. These include transfer fees, administrative fees, broker fees and other fees and taxes on brokerage accounts and securities transactions. Some of the aforementioned fees will be payable to Avenue Securities LLC. Avenue does not currently share in these fees but reserves the right to share in certain of these fees in the future. 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. Avenue 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. Clients should review all fees charged to understand the total amount of fees they will pay. A Client may review all fees for which he/she is independently responsible on the Website.

### **Prepayment of Fees**

Avenue will not charge a fee for its advisory services.

### **Compensation for the Sale of Securities**

Avenue Securities LLC, an affiliate of Avenue that shares personnel with Avenue, accepts compensation for the sale of securities. This practice may present a conflict of interest and give Avenue or its supervised



persons an incentive to recommend investment products based on compensation to Avenue Securities LLC rather than on the needs of a Client. This relationship is disclosed to the Client. Avenue's procedures prohibit the recommendation of a product based on compensation to Avenue Securities LLC rather than the suitability for a Client. Further, as the Client is responsible for effecting trades, not Avenue, the potential conflict is minimized. A Client may so choose to purchase the investment recommendations through another broker-dealer but will not be able to use the Platform to do so. For the avoidance of doubt, while Avenue does not charge fees, its affiliate, Avenue Securities LLC, receives compensation the sale of investment products recommended to Clients of Avenue.

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

Neither Avenue nor its supervised persons earn any performance-based fees.

## **Item 7 – Types of Clients**

Avenue provides non-discretionary investment advice to individual investors. There are no minimum or maximum account size requirements. However, Avenue reserves the right to impose a minimum or maximum account size or value in the future at its discretion. Avenue further reserves the right to require additional disclosure information from Clients with accounts in excess of \$100,000.

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

### **Methods of Analysis**

Through qualitative and quantitative due diligence, Avenue selects investments to make available through the Website. Avenue selects ETFs, publicly traded equities and REITs as the investment available through the Website. Avenue chooses ETFs because of their transparency, liquidity, fee models and diversification. Avenue chooses stocks and REITs because of their exposure to specific industries, liquidity, transparency, risk profile and diversification.

The ETFs, stocks, and REITs selected represent an array of investments 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, energy, technology, or consumer.

In Avenue's due diligence and analysis process, Avenue utilizes a form of quantitative analysis in which it analyzes the funds' fees and performance using historical market data, risk metrics and other benchmarks.

### **Investment Strategies**

Avenue uses a proprietary formula to help select the securities it recommends and/or makes available through the Website to each Client. Based on the application of Avenue's proprietary formula, which analyzes Client supplied data on risk appetite and financial status, Avenue suggests the investments that would be most suitable for that particular Client. Initially, this will result in the recommendation of a particular portfolio for a Client. Eventually, once the spectrum of suitable investments is identified, Avenue's digital adviser will recommend investments from among the suggested investments. All dividends from



investments are automatically reinvested unless a Client elects otherwise. Avenue's recommendations are designed to promote diversification and return within the Client-specific risk and suitability limits.

## **Risk of Loss**

Avenue does not guarantee the future performance of any Client's account. Clients must understand that investments made via the Program involves substantial risk and are subject to various market, currency, economic, political and business risks, and that those investment decisions and actions will not always be profitable. Clients may not get back the amount invested. Subject to the Advisers Act, Avenue shall have no liability for any losses in a Client's account. The price of any security or the value of an entire asset class can decline for a variety of reasons outside of Avenue's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. There is no guarantee that Avenue's judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. Avenue's judgment may prove to be incorrect, and a Client might not achieve his or her investment objectives. High volatility and/or the lack of deep and active liquid markets for a security may prevent a Client from selling his or her securities at all, or at an advantageous time or price because Avenue and the Client's broker may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. Avenue cannot guarantee any level of performance or that any Client will avoid a loss of account assets. Any investment in securities involves the possibility of financial loss that Clients should be prepared to bear.

When evaluating risk, financial loss may be viewed differently by each Client and may depend on many different risk items, each of which may affect the probability of adverse consequences and the magnitude of any potential losses. The following risks may not be all-inclusive but should be considered carefully by a prospective Client 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 decline for a variety of reasons outside of Avenue's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. If a Client has a high allocation in a particular asset class it may negatively affect overall performance to the extent that the asset class underperforms relative to other market assets. Conversely, a low allocation to a particular asset class that outperforms other asset classes in a particular period will cause that Client account to underperform relative to the overall market.

**Investment Risk** - There is no guarantee that Avenue's judgment, models or investment decisions about particular securities or asset classes will necessarily produce the intended results. Avenue's judgment may prove to be incorrect, and a Client might not achieve his or her investment objectives. Avenue may also make future changes to the investing algorithms and services that it provides. In addition, it is possible that Clients or Avenue itself may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to Avenue's software based financial service.

**Volatility and Correlation Risk** - Clients and should be aware that Avenue's asset selection process is based in part on a careful evaluation of past price performance and volatility in order to evaluate future probabilities. 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 no guarantee of future results, and any historical returns, expected returns, or probability 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 her securities at all, or at an advantageous time or price because Avenue and 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 Avenue values the securities held in Client's accounts based on reasonably available exchange-traded security data, Avenue may from time to time receive or use inaccurate data, which could adversely affect security valuations, transaction size for purchases or sales, and/or the resulting fees paid to Avenue.

**Credit Risk** - Avenue cannot control and Clients are exposed to the risk that financial intermediaries or security issuers may experience adverse economic consequences that may include 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, any issuer of securities may experience a credit event that could impair or erase the value of the issuer's securities held by a Client. Avenue 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. A Client will decide whether to purchase ETFs or a single stock.

**Legislative and Tax Risk** - Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser or securities trading regulation; 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 involves risks not typically associated with U.S. investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries. 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 Risks** - The risks associated with investing in foreign or emerging markets generally are magnified in frontier markets, also known as "next emerging" markets. Some frontier markets may operate



in politically unstable regions of the world and may be subject to additional geopolitical/disruption-of-markets risks.

**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 should be aware that to the extent they invest in ETFs, they will pay two levels of compensation - fees charged by Avenue 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 Avenue may be affected by the risk that currency devaluations affect Client purchasing power.

**Short Positions** - Avenue does not presently but may in the future recommend Clients short a security. With a short position, the potential for loss is unlimited.

**Derivatives** - Avenue does not presently but may in the future recommend the use of options within Client portfolios. Options can serve to mitigate risk, but they can also enhance risk by amplifying losses.

**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 Avenue, 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.

**Cybersecurity Risks** - Avenue and its service providers are 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 Avenue's Clients by interfering with the processing of transactions, affecting Avenue'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 Avenue 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 response 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 in which we invest, which could result in material adverse consequences for such issuers, and may cause a Client's investment in such securities to lose value.

**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.

**Real Estate Risks** - Real estate-related investments may be adversely affected by factors affecting the real estate industry, which may include changes in interest rates and social and economic trends. REITs may also be subject to the risk of fluctuations in income from underlying real estate assets, poor performance by the REITs' managers, prepayments and defaults by borrowers, adverse changes in tax laws, and, for U.S. REITs, their failure to qualify for the special tax treatment granted to REITs.



**Reliance on Management and Other Third Parties** - ETF investments will rely on third-party management and advisers; Avenue 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.

**Novel Coronavirus Pandemic, Public Health Emergency and Global Economic Impacts** – As of the date of this Brochure, there is an ongoing outbreak of a novel and highly contagious form of coronavirus (“COVID-19”), which the World Health Organization declared a pandemic on March 11, 2020. The outbreak of COVID-19 has caused a worldwide public health emergency with a substantial number of hospitalizations and deaths, and has significantly adversely impacted global commercial activity and contributed to both volatility and material declines in equity and debt markets. The global impact of the outbreak is rapidly evolving, and many country, state and local governments have reacted by instituting mandatory or voluntary quarantines, travel prohibitions and restrictions, closure or reduction 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 Avenue’s operational and financial performance and each Client’s investments will depend on many factors, 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 value, performance and liquidity of a Client’s investments, Avenue’s ability to source, manage and divest investments and Avenue’s ability to achieve its investment objectives on behalf of its Clients, all of which could result in significant losses to Avenue and its Clients.

In addition, COVID-19 and the resulting changes to global businesses and economies likely will adversely impact the business and operations of Clients, Avenue, and Avenue’s 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** - In addition to the potential risks associated with COVID-19 as outlined above, Avenue may be subject to the risk of loss arising from direct or indirect exposure to a number of types of other catastrophic events, including without limitation (i) other public health crises, including any outbreak of SARS, H1N1/09 influenza, avian influenza, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof; or (ii) other major events or disruptions, 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 Avenue'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 Avenue participates (or has a material effect on any locations in which Avenue operates or on any of their respective personnel) the risks of loss could be substantial.

**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 that 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 and 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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of such adviser or the integrity of such adviser's management. Avenue does not have any legal, financial, regulatory, or other disciplinary item to report to any Client. This statement applies to Avenue and to every employee of Avenue.





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

### **Registration as a Broker-Dealer or Broker-Dealer Representative**

Avenue is neither registered nor has an application pending to register as a Financial Industry Regulatory Authority (“FINRA”) member firm, nor is Avenue required to be or to do so.

However, Avenue Securities LLC, an affiliate of Avenue, is registered as a broker-dealer.

### **Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Adviser**

Neither Avenue nor any of its management persons are registered, nor has an application pending for registration, as a futures commission merchant, commodity pool operator, or commodity trading adviser.

### **Relationships Material to This Advisory Business and Possible Conflicts of Interest**

Avenue Securities LLC will effect trades for Avenue and is an affiliate of Avenue. Both are owned by the same parent entity.

Avenue Securities LLC primarily introduces Clients to full-service carrying brokers, currently DriveWealth exclusively. Avenue and Avenue Securities LLC have overlapping officers, personnel, share office space, and share certain expenses. Certain of Avenue management persons are also registered representatives of Avenue Securities LLC as necessary or appropriate to perform their responsibilities.

Currently, Avenue Securities LLC is responsible for a majority of Avenue’s operating costs. Avenue believes that this financial arrangement has the potential to create a conflict of interest regarding the level of order flow sent to Avenue Securities LLC from Client Accounts. However, due to the non-discretionary nature of the Platform and the requirement of Clients to direct the execution of all Investments, this potential conflict is minimized.

Avenue requires that Clients use the execution services offered by Avenue Securities LLC. For the avoidance of doubt, Clients place trades with Avenue Securities LLC through Avenue Securities LLC’s brokerage account. Trades are cleared and settled by DriveWealth, an unaffiliated clearing broker and qualified custodian for Avenue Accounts. In each such instance, Avenue expects to seek to effect any such transaction in accordance with the requirements of Section 206(3) of the Advisers Act. Avenue Securities LLC may receive fees, cash credits or other benefits from exchanges and other market centers to which it, as a broker, routes order flow based on the volume and type of order flow routed and whether the order contributes or extracts liquidity from the given market.

Avenue Cash LLC will be a facilitator to Avenue companies providing its customers with additional products such as debit cards and other investment products. Avenue and Avenue Cash LLC have overlapping officers, personnel, share office space, and share certain expenses.

Avenue will also provide educational resources to its Clients, including online courses available through the Website. Some of these courses will be free, while others will be for a flat fee. The subject matter of the



educational resources will include general overviews of markets and finance. The courses will not offer any investment advice and are not a part of the advisory services offered by Avenue.

Avenue Securities LLC will affect trades for Avenue and is an affiliate of Avenue. Both are owned by the same parent entity. This may create a potential conflict of interest between Avenue and Avenue Securities LLC concerning the price charged by Avenue Securities LLC for its services.

The use of Avenue Securities LLC as an introducing broker-dealer creates certain conflicts of interest for Avenue in that Avenue Securities LLC receives revenue (i.e., commissions paid by the Accounts for brokerage services) in connection with the Accounts. Avenue Securities LLC may also receive fee share revenue from DriveWealth with respect to ancillary costs for paper statements paid by the Client to DriveWealth, may share in interest earned on uninvested cash in a Client's Account held through DriveWealth, may receive fee share revenue with respect to premiums paid on borrowed Investments in connection with DriveWealth's fully paid for lending program, and may receive certain payments for order flow from DriveWealth.

As discussed above, certain of Avenue's management persons also hold positions with one or more of Avenue's affiliated entities. In any such positions, they may have some responsibility with respect to the business of these affiliated entities. Consequently, in carrying out their roles at Avenue and these other entities, the management persons of Avenue will be subject to potential conflicts of interest that exist between Avenue and these affiliates. Avenue has established a variety of restrictions, policies, procedures, and disclosures designed to address potential and actual conflicts that arise between affiliates. No assurance can be made that any of Avenue's current policies and procedures, or any policies and procedures that are established by Avenue in the future will have their desired effect.

In addition, conflicts may arise in allocating time between outside business activities and serving as an employee of Avenue. Avenue has internal policies and procedures, including the Code of Ethics (described below), to address actual and potential conflicts of interest that may arise from the foregoing relationships and affiliations with other entities. The Chief Compliance Officer (the "CCO") is responsible for evaluating conflicts and determining the resolution based on the particular facts and circumstances.

## **Selection of Other Advisers**

Avenue does not utilize, recommend or select other investment advisors or have any business relationships with other investment advisors that create a material conflict of interest.

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

Avenue has adopted a code of ethics (the "Code of Ethics") for all supervised persons of Avenue 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 Avenue must acknowledge the terms of the Code of Ethics annually, or as amended.

Avenue anticipates that, in appropriate circumstances, consistent with Clients' investment objectives, it will recommend to accounts advised by Avenue to effect the purchase or sale of securities in which Avenue, its



management persons and/or Clients, directly or indirectly, have a position or interest. Avenue's employees and persons associated with Avenue are required to follow Avenue's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Avenue and its employees may trade for their own accounts in securities which are recommended to and/or purchased by Avenue's Clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Avenue 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 Avenue's Clients. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Avenue and its Clients.

Transactions for each Account will be effected independently with Avenue Securities and DriveWealth at the direction of each Client consistent with Avenue's obligation of best execution.

## **Item 12 – Brokerage Practices**

### **Best Execution**

Best execution has been defined by the SEC as the "execution of securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances." The best execution responsibility applies to the circumstances of each particular transaction and an investment adviser must consider the full range and quality of a broker-dealer's services, including, among other things, execution capability, commission rates, the value of any research, financial responsibility and responsiveness.

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 broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness.

Avenue relies on its clearing firm and review of its best execution reports to ensure compliance with best execution as Avenue does not execute trades. The best execution report compares the execution price of each trade with the National Best Bid and Offer. The Chief Compliance Officer is responsible for continuously monitoring and evaluating the performance and execution capabilities of broker-dealers that transact orders for Client Accounts to ensure consistent quality executions.

The Program requires the establishment of a brokerage account with Avenue Securities LLC, which executes trades on behalf of Clients. Trades are cleared and settled by DriveWealth, an unaffiliated clearing broker and qualified custodian for the Accounts. In selecting Avenue Securities LLC and DriveWealth, Avenue did not consider any gifts or entertainment; the broker's willingness to cover trade errors caused by Avenue; or client referrals or capital introduction.

Avenue Securities LLC executes trades upon receipt of the Client's order. Despite this, there may, depending on the liquidity and demand in the market, be a material change in the market price of the security being bought or sold.



Avenue Securities LLC and DriveWealth are generally responsible for: (i) maintaining and recording transactions in cash and securities in a Client's Account; (ii) sending orders placed by the Client for execution, clearance, and settlement; and (iii) providing a Client with statements, confirmations, other required documentation, and other information about a Client's Account and transactions therein. Clients authorize Avenue Securities LLC to execute all trades and transactions a Client makes via the Website and authorizes DriveWealth to establish and carry a Client's Account that holds Client securities and cash and records the transactions a Client has made.

Avenue may transmit or help facilitate a Client's requests for withdrawals or transfers to a Client's bank account and/or DriveWealth. However, except in limited circumstances disclosed to the Client, Avenue shall have no authority to initiate any withdrawal or otherwise to transfer any securities or money out of Account.

As noted above, Avenue Securities LLC, an affiliated broker-dealer of Avenue, will act as the introducing broker-dealer, introducing Client orders to DriveWealth, and DriveWealth will act as the executing and clearing broker and qualified custodian for your Account.

### **Aggregating Trading for Multiple Accounts**

Avenue may seek to receive client referrals from broker-dealers and/or third-party exchanges in the future and will disclose any fees paid for these referrals and other details of the relationship, including potential conflicts of interest, to Clients by updating this Brochure appropriately.

### **Item 13 – Review of Accounts**

Because Avenue serves as a non-discretionary investment adviser, Avenue generally does not review Clients' portfolios of Investments on an ongoing basis.

Avenue provides all Clients with continuous access to the Website regarding information about account status, portfolio allocations, securities, and balances. Avenue will utilize proprietary, as well as commercially available software, to review the curated portfolios quarterly to ensure that they are in line with investment objectives. The Model Portfolios will be reviewed quarterly to ensure the portfolio allocation is suitable for the Client. Additional reviews of the Model Portfolios and curated portfolios 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 account balances and positions through the Website. DriveWealth prepares account statements showing all transactions and account balances during the prior quarter. All information relating to Client accounts are provided on the Website. Avenue requests that Clients reconfirm their current profile information as needed and on an annual basis. Avenue, as applicable, conducts reviews when material changes may have occurred to a Client's portfolio or investment objectives. When performed by Avenue, Avenue will retain the Client account review documentation in its database.

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

Avenue 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, Avenue 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 Client accounts. These may include investment-related research, pricing information and market data, software and other technology that provide access to Client 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 Avenue to assist Avenue in its investment advisory business operations.

Specifically, Avenue Securities LLC receives revenue (i.e., commissions paid by the Accounts for brokerage services) in connection with the Accounts. Avenue Securities LLC may also receive fee share revenue from DriveWealth with respect to ancillary costs for paper statements paid by the Client to DriveWealth, may share in interest earned on uninvested cash in a Client's Account held through DriveWealth, may receive fee share revenue with respect to premiums paid on borrowed Investments in connection with DriveWealth's fully paid for lending program, and may receive certain payments for order flow from DriveWealth.

Avenue does not offer cash payments for Client solicitations in accordance with CFR 275.206(4)-3.

## **Item 15 – Custody**

All Client investments are held with DriveWealth.

Participation in the Program requires that a Client agrees to the DriveWealth customer agreement (the "DriveWealth Agreement"), whereby DriveWealth will act as the clearing broker and qualified custodian for your Account, and Avenue Securities LLC will act as the introducing broker-dealer. Avenue Securities will introduce all trades and transactions from the Client to DriveWealth, and DriveWealth will establish and carry a brokerage account that holds Client securities and cash and records your transactions in the Platform. Neither Avenue nor any investment service provider engaged by Avenue is responsible for the obligations of DriveWealth or any successor custodian, and Avenue and DriveWealth have separate agreements that allocate separate sets of rights and obligations between the Client and the respective entity.

DriveWealth sends Clients quarterly account statements. Each Client should carefully review its statement from DriveWealth. Clients will also have updated information on their accounts through the Platform, which will be updated on at least a daily basis. Clients are urged to compare the account statements they receive from DriveWealth with those provided on the Platform.

## **Item 16 – Investment Discretion**

Avenue provides non-discretionary advisory services by recommending Model Portfolios. Clients maintain full discretion over their investment decisions.

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

As a matter of firm policy and practice, Avenue 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 designated custodian.



Avenue 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 account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements.

## **Item 18 – Financial Information**

### **Balance Sheet**

Avenue does not require nor solicit prepayment of fees in advance and, therefore, does not need to include a balance sheet with this Brochure.

### **Financial Condition**

Neither Avenue nor any of its management persons, at this time, have any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to Clients.

Clients should be aware that Avenue is a startup new to its business. There is no guarantee that Avenue will be successful. If Avenue is not successful, it will terminate its contracts with Clients, who will receive a refund of the assets in their Accounts.

### **Bankruptcy Petitions in Previous Years**

Avenue has not been the subject of a bankruptcy petition in the last ten years.