

Athena Advisory LLC

Form ADV Part 2A Brochure

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This brochure provides information about the qualifications and business practices of Athena Advisory LLC. If you have any questions about the contents of this brochure, please contact us at the telephone number or email address listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Athena Advisory LLC is a registered investment adviser, but registration does not imply a certain level of skill or training.

Additional information about Athena Advisory LLC is also available on the SEC's website at www.adviserinfo.sec.gov and by searching for CRD# 314697.

Item 2: Material Changes

In this Item, Athena Advisory LLC is required to identify and discuss material changes since the last time this brochure was updated. Since this brochure was prepared as part of Athena Advisory LLC's initial application for registration as an investment adviser, there are no such material changes to identify or discuss.

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Item 4: Advisory Business

- A. Athena Advisory LLC ("Adviser") is an investment adviser founded in 2021, registered with the U.S. Securities and Exchange Commission ("SEC") as an "internet adviser" relying on rule 203A-2(e), and is principally owned by Brian Cosmano.
- B. Adviser's goal is to make its users' financial lives more efficient through the development and delivery of automated investment and related financial advice exclusively through Adviser's algorithms as deployed on its interactive website (the "Website"). The Website will request various data inputs from users, and shall deliver recommended investment and financial action items based on such inputs. There is no cost to use the Website for users that wish to adopt Adviser's recommended action items on their own; however, if a user desires to utilize the Website for the implementation of various investment and financial action items, Adviser will charge a fee as described in Item 5, below.

Initial investment recommendations will focus on a diversified portfolio of mutual funds and exchange traded funds ("ETFs"), and related financial advice will strive to improve the structure of a user household's balance sheet. Balance sheet improvement will be achieved by analyzing existing debt, searching for debt that may be available to the user household, making recommendations, and automating as much of the consolidation/refinancing of debt as possible. This will be achieved through integrations with other independent and unaffiliated third-party financial services companies ("Independent Partners").

Investment recommendations will be based on a proprietary assessment of a user household's risk preference, risk capacity, and (optionally) environmental, social, and governance preferences and/or stock rating preference which will lead to a risk target. The risk target will be implemented with a basket of individual stocks, ETFs, and mutual funds.

The goal is to achieve complete automation of all non-spending financial decisions. For example, if a user household's balance sheet could improve by consolidating credit card debt by opening a home equity line of credit ("HELOC") for which a user is preapproved, the Website would open the HELOC, borrow to pay down credit card debt, increase contributions to a savings account based on interest saved, and make corresponding adjustments to the investment portfolio based on the user household's new risk capacity. The Website would inform and/or seek pre-approval for actions taken or to be taken based on the level of discretionary authority granted to Adviser.

- C. Adviser's algorithm and Website tailors its recommendations to the individual needs of its users by requesting information about a user household's current financial condition, goals, risk tolerance, income, liquidity requirements, investment time horizon, and other information that is relevant to the allocation of investable assets and other financial decisions to be made. This information will then be used to make investment and related financial recommendations that reflect users' needs and objectives on an initial and ongoing basis. The Website's recommendations will allocate portions of users' account(s) to various asset classes classified according to historical and projected risks and rates of return. Users may impose restrictions on investing in certain securities or types of securities so long as such restrictions may reasonably be implemented by the Website.
- D. Adviser does not participate in any wrap fee programs.
- E. Since this brochure was filed as part of Adviser's initial registration, Adviser does not yet manage any discretionary or non-discretionary user assets.

Item 5: Fees and Compensation

- A. Users of the Website will not pay a fee to Adviser if the recommended investment and financial action items are to be implemented solely by the user (and not by Adviser). If a user wants Adviser to implement the recommended investment and financial action items through the Website, Adviser will charge a one-time up-front fee of \$50 and a recurring monthly fee of \$10 per month, payable in arrears via ACH, debit card, or credit card. Such fees are not negotiable.
- B. In addition to the fees charged by Adviser, users will incur brokerage and other transaction costs. Please refer to Item 12: Brokerage Practices, for further information on such brokerage and other transaction-related practices. Users will also typically incur additional fees and expenses imposed by independent and unaffiliated third-parties, which can include qualified custodian fees, mutual fund or ETF fees and expenses, mark-ups and mark-downs, spreads paid to market makers, wire transfer fees, check-writing fees, early-redemption charges, certain deferred sales charges on previously-purchased mutual funds, margin fees, charges or interest, IRA and qualified retirement plan fees, and other fees and taxes on brokerage accounts and securities transactions. The Independent Partners will also charge their own fees and costs to users pursuant to their respective agreements and fee schedules. These additional charges are separate and apart from the fees charged by Adviser.
- C. If the agreement between a user and Adviser is terminated before the end of a monthly billing period, Adviser will not charge a fee for the final month of services.
- D. Neither Adviser nor any of its supervised persons accepts compensation for the sale of securities. However, Adviser will be compensated by certain Independent Partners through various referral and/or revenue sharing arrangements that will be dependent upon users purchasing a particular product or using a particular service of such Independent Partners through the Website. By way of example, it is envisioned that (i) Independent Partner banks will agree to pay Adviser a referral fee for Adviser's users that become lending clients of such banks, (ii) certain Independent Partners will pay Adviser an advertising fee to place a clickable advertisement on the Website, and (iii) certain Independent Partners will pay Adviser to have their financial products available as part of the Website's universe of recommended financial products and action items. Such arrangements will likely evolve and change over time, and updates to this brochure will be made accordingly. Regardless, all such arrangements create a conflict of interest due to the financial incentive that Adviser has to incorporate such Independent Partners' products and services into the Website and to recommend them to users. Adviser addresses these conflicts of interest by providing full disclosure in this brochure and the Website, by performing independent evaluations of Independent Partners to assess their appropriateness for users' financial situations, by periodically evaluating alternative Independent Partners to recommend, and by always acting as a fiduciary in the best interests of its users.

Item 6: Performance-Based Fees & Side-By-Side Management

Neither Adviser nor any of its supervised persons accepts performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a user).

Item 7: Types of Clients

Adviser generally provides its services to individuals and high-net-worth individuals. There is no minimum account value required to open or maintain an account with Adviser through the Website.

Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

- A. The investment strategy implemented by the Website through Adviser's proprietary algorithms incorporate optimal risk levels and investment allocations for a particular user household. The risk level is determined primarily by assessing the riskiness of the user household's balance sheet and income statement, investment horizon, and funding ratios of financial goals. Greater income and balance sheet risk result in a lower assumed investment time horizon as it is more likely that investments will need to be depleted in adverse economic or idiosyncratic scenarios. A user household's preference for risk will also be considered but will not be a primary driver of risk allocation.

Investments are allocated to achieve a well-diversified portfolio that aligns with the risk objective as described above. Adviser's investment philosophy assumes markets are efficient and long-run alpha is zero, so low-cost investment options are preferred. However, users can express two preferences as part of their Website experience. The first is for their portfolio to be weighted towards investments that have higher ratings from third party rating agencies. The second is to weight the portfolio towards investments that align with their environmental, social, and/or governance goals. If either or both preferences are indicated by a user, the algorithm will attempt to weight portfolios accordingly but be limited by the indicated risk level. Risk level is generally defined as portfolio standard deviation but other measures may also be used.

Investing in securities involves risk of loss that users should be prepared to bear. Past performance does not guarantee future returns. The material risks associated with Adviser's investment approach are described below:

- i. Investing for the long term means that a user's account will be exposed to short-term fluctuations in the market and the behavioral impulse to make trading decisions based on such short-term market fluctuations. Adviser does not condone short-term trading in an attempt to "time" the market, and the Website instead coaches users to remain committed to their financial goals. However, investing for the long term can expose users to risks borne out of changes to interest rates, inflation, general economic conditions, market cycles, geopolitical shifts, and regulatory changes.
- ii. Investing in mutual funds does not guarantee a return on investment, and shareholders of a mutual fund may lose the principal that they've invested into a particular mutual fund. Mutual funds invest into underlying securities that comprise the mutual fund, and as such users are exposed to the risks arising from such underlying securities. Mutual funds charge internal expenses to their shareholders (which can include management fees, administration fees, shareholder servicing fees, sales loads, redemption fees, and other fund fees and expenses, e.g.), and such internal expenses subtract from its potential for market appreciation. Shares of mutual funds may only be traded at their stated net asset value ("NAV"), calculated at the end of each day upon the market's close.
- iii. Investing in ETFs bears similar risks and incurs similar costs to investing in mutual funds as described above. However, shares of an ETF may be traded like stocks on the open market and are not redeemable at an NAV. As such, the value of an ETF may fluctuate throughout the day and investors will be subject to the cost associated with the bid-ask spread (the difference between the price a buyer is willing to pay (bid) for an ETF and the seller's offering (asking) price).

Clients are encouraged to carefully read the prospectus of any mutual fund or ETF to be purchased for investment to obtain a full understanding of its respective risks and costs.

- iv. Investing in common stocks means that a user will be subject to the risks of the overall market as well as risks associated with the particular company or companies whose stock is owned. These risks can include, for example, changes in economic conditions, growth rates, profits, interest rates and the market's perception of these securities. Common stocks tend to be more volatile and more risky than certain other forms of investments, especially as compared to fixed income products like bonds.
- v. Investing in bonds means that a user will be subject to the market prices of such debt securities, which typically fluctuate depending on interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and rise when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk. Bonds are also subject to inflation risk, reinvestment risk, redemption risk, and valuation risk.
- vi. Adviser is wholly-dependent on its algorithm and Website, the investment team that oversees its algorithm and Website, third-party data providers, as well as a user's inputs into the Website. The algorithm or Website may not perform as intended for a variety of reasons, including but not limited to corrupted or inaccurate underlying code, incorrect assumptions, changes in the market environment, and/or changes to data inputs. Errors or failures of the algorithm or Website will negatively affect the investment advice rendered, and could have unintended consequences with respect to the portfolios recommended or managed. Third-party data providers may provide incomplete or inaccurate data, or otherwise cease to provide such data with or without advanced notice.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a user's or prospective user's evaluation of Adviser's advisory business or the integrity of Adviser's management.

Item 10: Other Financial Industry Activities & Affiliations

- A. Neither Adviser nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. Neither Adviser nor any of its management persons have any relationship or arrangement that is material to its advisory business or to users with any related party listed below:
- i. broker-dealer, municipal securities dealer, or government securities dealer or broker
 - ii. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
 - iii. other investment adviser or financial planner
 - iv. futures commission merchant, commodity pool operator, or commodity trading advisor
 - v. banking or thrift institution
 - vi. accountant or accounting firm
 - vii. lawyer or law firm
 - viii. insurance company or agency
 - ix. pension consultant
 - x. real estate broker or dealer
 - xi. sponsor or syndicator of limited partnerships
- D. Brian Cosmano (the founder and primary owner of Adviser) owns and operates a separate business through which he provides consulting services to asset managers to help them develop new products for defined contribution plans. Because the users of this separate business are wholly distinct from the users of Adviser, this is not reasonably expected to present a conflict of interest.
- E. As described in Item 5, various partnerships have been established between Adviser and Independent Partners. The nature and extent of such partnerships is anticipated to evolve over time, and this brochure shall be updated concurrently to the extent such partnerships create any material conflicts of interest.

Adviser will be compensated by certain Independent Partners through various referral and/or revenue sharing arrangements that will be dependent upon users purchasing a particular product or using a particular service of such Independent Partners through the Website. By way of example, it is envisioned that (i) Independent Partner banks will agree to pay Adviser a referral fee for Adviser’s users that become lending clients of such banks, (ii) certain Independent Partners will pay Adviser an advertising fee to place a clickable advertisement on the Website, (iii) to the extent an Independent Partner bank earns a spread on cash deposited by Adviser’s users into an Independent Partner bank account, such Independent Partner banks will remit a portion of such spread back to Adviser, and (iv) certain Independent Partners will pay Adviser to have their financial products available as part of the Website’s universe of recommended financial products and action items. Such arrangements will likely evolve and change over time, and updates to this brochure will be made accordingly. Regardless, all such arrangements create a conflict of interest due to the financial incentive that Adviser has to incorporate such Independent Partners’ products and services into the Website and to recommend them to users. Adviser addresses these conflicts of interest by providing full disclosure in this brochure and the Website, by performing independent evaluations of Independent Partners to assess their appropriateness for users’ financial situations, by periodically evaluating alternative Independent Partners to recommend, and by always acting as a fiduciary in the best interests of its users.

Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

- A. Adviser has adopted a code of ethics that will be provided to any user or prospective user upon request. Adviser's code of ethics describes the standards of business conduct that Adviser requires of its supervised persons, which is reflective of Adviser's fiduciary obligations to act in the best interests of its users. The code of ethics also includes sections related to compliance with securities laws, reporting of personal securities transactions and holdings, reporting of violations of the code of ethics to Adviser's Chief Compliance Officer, pre-approval of certain investments by access persons, and the distribution of the code of ethics and any amendments to all supervised persons followed by a written acknowledgement of their receipt.
- B. Neither Adviser nor any of its related persons recommends to users, or buys or sells for user accounts, securities in which Adviser or any of its related persons has a material financial interest.
- C. From time to time, Adviser or its related persons will invest in the same securities (or related securities such as warrants, options or futures) that are recommended to users. This has the potential to create a conflict of interest because it affords Adviser or its related persons the opportunity to profit from the investment recommendations made to users. Adviser's policies and procedures and code of ethics address this potential conflict of interest by prohibiting such trading by Adviser or its related persons if it would be to the detriment of any user and by monitoring for compliance through the reporting and review of personal securities transactions. In all instances Adviser will act in the best interests of its users.
- D. From time to time, Adviser's algorithm will buy or sell securities for user accounts at or about the same time that Adviser or a related person buys or sells the same securities for its own (or the related person's own) account. This has the potential to create a conflict of interest because it affords Adviser or its related persons the opportunity to trade either before or after the trade is made in user accounts, and profit as a result. Adviser's policies and procedures and code of ethics address this potential conflict of interest by prohibiting such trading by Adviser or its related persons if it would be to the detriment of any user and by monitoring for compliance through the reporting and review of personal securities transactions. In all instances Adviser will act in the best interests of its users.

Item 12: Brokerage Practices

- A. Adviser considers several factors when recommending a custodial broker-dealer for user transactions and determining the reasonableness of such custodial broker-dealer's compensation. Such factors include the custodial broker-dealer's industry reputation and financial stability, service quality and responsiveness, execution price, speed and accuracy, reporting abilities, and general expertise. Assessing these factors as a whole allows Adviser to fulfil its duty to seek best execution for its users' securities transactions. However, Adviser does not guarantee that the custodial broker-dealer recommended for user transactions will necessarily provide the best possible price, as price is not the sole factor considered when seeking best execution. After considering the factors above, Adviser reasonably anticipates that it will recommend one or more custodial broker-dealers for user accounts.
- i. Adviser does not receive research and other soft dollar benefits in connection with user securities transactions, which are known as "soft dollar benefits". However, the custodial broker-dealer(s) recommended by Adviser do provide certain products and services that are intended to directly benefit Adviser, users, or both. Such products and services include (a) an online platform through which Adviser can monitor and review user accounts, (b) access to proprietary technology that allows for order entry, (c) duplicate statements for user accounts and confirmations for user transactions, (d) invitations to the custodial broker-dealer(s)' educational conferences, (e) practice management consulting, and (f) occasional business meals and entertainment. The receipt of these products and services creates a conflict of interest to the extent it causes Adviser to recommend certain custodial broker-dealers as opposed to a comparable custodial broker-dealer. Adviser addresses this conflict of interest by fully disclosing it in this brochure, evaluating its recommended custodial broker-dealers based on the value and quality of its services as realized by users, and by periodically evaluating alternative broker-dealers to recommend.
 - ii. Adviser does not consider, in selecting or recommending custodial broker-dealers, whether Adviser or a related person receives user referrals from a custodial broker-dealer or third-party.
 - iii. Adviser does not routinely recommend, request, or require that a user direct Adviser to execute transactions through a specified custodial broker-dealer.
- B. Adviser retains the ability to aggregate the purchase and sale of securities for users' accounts with the goal of seeking more efficient execution and more consistent results across accounts. Aggregated trading instructions will not be placed if it would result in increased administrative and other costs, custodial burdens, or other disadvantages. If user trades are aggregated by Adviser, such aggregation will be done so as to not to disadvantage any user and to treat all users as fairly and equally as possible.

Item 13: Review of Accounts

- A. Adviser's algorithm monitors user accounts on an ongoing basis, with household information refreshed monthly (subject to user confirmation and continued access to necessary data fees via API). On a daily basis, user accounts are automatically evaluated relative to the user's stated risk target and user preferences to determine if the current portfolio is still within an acceptable asset allocation range. If the algorithm detects a deviation from the acceptable asset allocation range, trades are placed (in discretionary accounts) to revert the portfolio back to its target. Short term gains and losses, as well as related tax implications, are incorporated into this process. Clients are encouraged to proactively update their profile online to account for any changes to their personal or financial situation.
- B. Other factors that should cause users to consider updating their online profile may include, but are not limited to, changes to a user's personal or financial situation (the birth of a child, preparing for a home purchase, plans to attend higher education, a job transition, impending retirement, death or disability among family members, etc.).
- C. The custodial broker-dealer will send account statements and reports directly to users no less frequently than quarterly. Such statements and reports will be mailed to users at their address of record or delivered electronically, depending on the user's election. If agreed to by Adviser and user, Adviser or a third-party report provider will also send users reports to assist them in understanding their account positions and performance, as well as the progress toward achieving financial goals.

Item 14: Client Referrals and Other Compensation

- A. Only users provide an economic benefit to Adviser for providing investment advice or other advisory services to users. However, as described above in Item 12, the custodial broker-dealer(s) recommended for user accounts provides certain products and services that are intended to directly benefit Adviser, users, or both. In addition, please refer to Item 5 and Item 10, above, for a description of the revenue sharing and/or referral arrangements that Adviser has with Independent Partners.
- B. Neither Adviser nor a related person directly or indirectly compensates a person who is not Adviser's supervised person for user referrals.

Item 15: Custody

For users that do not have their fees deducted directly from their account(s) and have not provided Adviser with any standing letters of authorization to distribute funds from their account(s), Adviser will not have any custody of user funds or securities. For users that have their fees deducted directly from their account(s) or that have provided Adviser with discretion as to amount and timing of disbursements pursuant to a standing letter of authorization to disburse funds from their account(s), Adviser will typically be deemed to have limited custody over such users' funds or securities pursuant to the SEC's custody rule and subsequent guidance thereto. At no time will Adviser accept full custody of user funds or securities in the capacity of a custodial broker-dealer, and at all times user accounts will be held by a third-party qualified custodian as described in Item 12, above.

If a user receives account statements from both the custodial broker-dealer and Adviser or a third-party report provider, user is urged to compare such account statements and advise Adviser of any discrepancies between them.

Item 16: Investment Discretion

Adviser accepts discretionary authority to manage securities accounts on behalf of users only pursuant the mutual written agreement of Adviser and the user through a power-of-attorney, which is typically contained in the advisory agreement signed by Adviser and the user. Users may place reasonable limitations on this discretionary authority so long as it is contained in a written agreement and/or power-of-attorney.

Item 17: Voting Client Securities

- A. Adviser does not have and will not accept authority to vote user securities.
- B. Clients will receive their proxies or other solicitations directly from their custodial broker-dealer or a transfer agent, as applicable, and should direct any inquiries regarding such proxies or other solicitations directly to the sender.

Item 18: Financial Information

- A. Adviser does not require or solicit prepayment of more than \$1,200 in fees per user, six months or more in advance.
- B. Adviser does not have custody of user funds or securities except as otherwise described in Item 15, above, require or solicit prepayment of more than \$1,200 in fees per user, six months or more in advance. Adviser has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to users.
- C. Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.