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



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This Brochure provides information about the qualifications and business practices of SkopeAI, LLC ("SkopeAI" or the "Advisor"). If you have any questions about the contents of this brochure, please contact Oliver Goodenough, the Chief Compliance Officer (the "CCO"), at [compliance@skope.ai](mailto:compliance@skope.ai) or call (201) 375-3780. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about SkopeAI is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration as an investment adviser does not imply a certain level of skill or training, and past performance does not guarantee future results.

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## **Item 2. Material Changes**

This is the initial Form ADV Part 2A for SkopeAI and, therefore, there are no material changes to be reported at this time.

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**Note:** Throughout this Brochure, SkopeAI, LLC is referenced as “SkopeAI”, “our”, “we”, “Advisor” and the “Platform”. The term “advisor” and “adviser” are deemed interchangeable. SkopeAI Members and clients are referenced as “clients” or “Members” as applicable. All clients are SkopeAI Members, although not all Members are advisory clients of SkopeAI. The term “Member”, used in this context, describes a customer relationship and does not imply any ownership or other participation in SkopeAI, LLC.

## Item 4. Advisory Business

Headquartered in New York City, SkopeAI is a Delaware Limited Liability Company ("LLC") that was formed in July 2021. The LLC is a wholly-owned subsidiary of Skopos Labs, Inc. ("Skopos"), a technology company founded in August 2016 as a Delaware corporation.

Skopos employs artificial intelligence ("A.I.") and cutting-edge predictive analytics that decode the impact of text-based events on companies and markets. SkopeAI is the internet-based investment advisory affiliate that will leverage Skopos' proprietary machine learning ("ML") and natural language processing ("NLP") models.

SkopeAI will be employing the Skopos technology through a royalty-free licensing arrangement. Based on information provided through the website by each Member, SkopeAI will automatically analyze a variety of data, then organize and balance the output for an online investment management offering (the "Platform"). The Platform will allow individual Members to propose themes (e.g., topics of interest, personal values) or company characteristics (e.g., profitability, momentum) and the Platform will provide a suggested portfolio of stocks that seek to meet the respective criteria. Members will have the ability to review and accept suggestions or modify them. For the core SkopeAI offering described below, once Members implement their strategy, we will periodically update security selection, and conduct optimization and dynamic rebalancing on an automated basis.

### Advisory Services

Members will interact with the SkopeAI Platform through a software application that will be available at the website [www.skope.ai](http://www.skope.ai). The advisory services will be delivered solely through the Platform. SkopeAI does not provide investment advice in person or over the phone, or in any manner other than through its web-based Platform.

SkopeAI Members will deploy their data-driven investment strategies in separately managed accounts (SMAs) powered by the Platform.

Members will use a search interface and build their portfolios around the results. For example, they might type in an area of interest like "hydropower" and the A.I. attempts to find companies that generate revenue from hydropower-related business activities, both historically and in near real-time. The historical results are used to show the Member a backtest simulation, and then if the Member decides to invest in that strategy, it will automatically be adjusted and rebalanced going forward.

The Platform monitors companies, markets, and trends to implement dynamic investment strategies.

**Essential components of the SkopeAI Platform** include:

1. **Data.** Parsed publicly available company information including SEC filings, company lobbying records, and other document types, plus market, fundamental and environmental, social and governance data;
2. **Proprietary A.I. Software.** For processing and modeling the data with NLP and ML, and labels designed for training ML models, and;

- 3. Proprietary Investment, Optimization and Analytics Software.** For estimation of expected returns and risk, portfolio optimization, risk analytics, backtesting, rebalancing and tax loss harvesting.

The Skopos technology and SkopeAI Platform development process, including building the data, A.I. architecture and portfolio optimization systems, has taken years. In building the technology, we observed that emerging trends were often a driving force behind returns in excess of the market. In other words, our work at a granular level has supported the notion that markets are becoming traded through thematic lenses.

We have developed a unique A.I.-powered platform for creating personalized investment strategies within individual SMAs. We have termed such strategies “Artificial Intelligence Traded Funds”, or “AITFs”. SkopeAI will perform these automated advisory services in agreement with Members over the internet. Platform users will input key initial parameters driving a strategy’s essential direction.

At launch, the SkopeAI platform will facilitate the construction of portfolios of listed U.S. equities. We may expand the offering to include other instruments or asset classes. SkopeAI does not intend on participating in a wrap fee program at this time. The technology and Platform may be modified, refined or expanded from time to time with a goal of enhancing the Members’ investment experience.

### Advisor Profile

SkopeAI was co-founded by John Nay and Erkko Etula, the Chief Investment Officer (“CIO”).

John founded the parent company, Skopos, in 2016, while earning a Ph.D. in Computational Decision Science from Vanderbilt University. Erkko was a Managing Director and Head of Strategic and Quantitative Asset Allocation Research in the Investment Strategy Group of Goldman, Sachs & Co., where he worked for over a decade leading numerous quantitative investment programs. Erkko started his investment career at Goldman Sachs after earning a Ph.D. in Economics from Harvard University and serving as an Economist at the U.S. Federal Reserve. John and Erkko are at the forefront of their fields; both earned academic distinction during their studies and have published numerous scholarly articles in peer-reviewed journals.


By way of additional background, as the practical application of NLP and ML was coming of age, John seized on the opportunity to commercialize the automation of text analysis through starting Skopos. He was supported by a complement of specialty software engineers and researchers. The Skopos team realized that there are no widely adopted solutions for fully customizable systematic investing for the end-client because no one had cracked how to use A.I. to empower a self-serve mode.

### Assets Under Management

SkopeAI currently does not manage any client assets.

## Item 5. Fees and Compensation

SkopeAI will manage three systematic investment programs, each of which will be provided exclusively through an interactive website. Fees charged by SkopeAI will vary depending on the type and size of the account, and other conditions. We will manage accounts where SkopeAI receives asset-based management fees expressed as a per annum percentage of the market value of the invested assets of a Member's account. SkopeAI will not charge fees on uninvested cash balances.



## Systematic Investment Strategies

### SkopeAI

Personalized A.I.-powered long-only investment strategies (“AITFs”) offered through separately managed, automatically traded accounts.

### SkopeAI Pro

SkopeAI Pro implements core SkopeAI with additional investment and optimization options.

### SkopeAI Long/Short

SkopeAI enhanced with a portfolio of individual alpha-seeking short positions.

Separate Account Fee Schedules			
Investment Strategy	Account Size	Annual Fee <sup>(1)</sup>	Account Minimum
SkopeAI	>\$1,000	0.50%	\$1,000
SkopeAI Pro <sup>(2)</sup>	Custom	Custom	Custom
SkopeAI Long/Short	First \$25 million	2.00%	\$10 million
	Next \$25 million	1.50%	
	Thereafter	1.00%	

(1) SkopeAI reserves its right to change or waive its fees and accept accounts smaller than the stated minimum.

(2) SkopeAI Pro mandates are individually negotiated based on the complexity of the services requested.

## **Fee Terms for SkopeAI**

The minimum investment for the SkopeAI core strategy is \$1,000. Members will be charged an asset-based fee of one half of one percent (0.50%) of the market value of invested assets in their account per annum.

Fees will be calculated daily and charged by the Advisor in accordance with a Member's written agreement with SkopeAI (the "Advisory Agreement"). Members will typically pay such fees monthly in arrears, and they will be debited directly from the Member's brokerage account. Fees will normally be prorated for capital contributions and withdrawals during the applicable billing period. SkopeAI Members will have the right to close their account without penalty at any time. Accounts opened or closed during a billing period will be charged a prorated fee. Upon termination of an account, SkopeAI will promptly transfer or liquidate a Member's holdings and, upon settlement, disperse the proceeds at which time any unpaid fees will be due and payable.

Members approved for SkopeAI's core strategy must maintain a brokerage account at Apex Clearing Corporation ("Apex"), the Platform's designated clearing broker and custodian. For the SkopeAI strategy, the Member will authorize SkopeAI to debit its advisory fee directly from the Member's brokerage account held with Apex, consistent with the Advisory Agreement. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. If funds are withdrawn and the account is reduced below \$1,000, SkopeAI reserves the right to close the Member's account.

In keeping with the practice of clearing through a third-party broker, SkopeAI Members will also pay other expenses to Apex. While the SkopeAI annual advisory fee covers trading commissions, Members may be subject to stock transfer and exchange fees, wire transfer charges and other fees, including any required by law, as applicable. These fees, which are imposed by Apex and other unaffiliated third parties, will be paid out of the assets in the Member's account. None of these fees are received or earned by SkopeAI.

## **Member Suitability**

The SkopeAI Platform is designed to provide web-based systematic investment management services to individuals who are lawful residents of the U.S. for tax purposes, and who have a social security number or individual taxpayer identification number, maintain a U.S. banking account and have a valid U.S. mailing address.

As required by U.S. federal law, investing with SkopeAI requires that Members complete a new account application, including submitting proof of their identity, residential address and other information (e.g., tax documents) that will allow us to identify and verify the Member. The Advisory Agreement will also give SkopeAI the right to determine the source of amounts that are being invested and, in its sole discretion, to reject an account if the information provided by the Member is unsatisfactory. SkopeAI reserves the right to terminate a Member relationship at any time.

In the process of completing their new account application, prospective Members will be asked a series of questions regarding their investment objectives and investing experience to determine the individual's suitability for the SkopeAI core strategy. In their Advisory Agreement, Members will acknowledge the risks associated with the SkopeAI strategy, as well as their ability and willingness to conduct their relationship with the Advisor on an electronic basis. Under the terms of the Advisory Agreement, each Member will agree to receive all account information (including this Brochure), and any updates or changes, through electronic communications.

## **Fees for SkopeAI Pro and SkopeAI Long/Short**

The minimum investment and fees for the SkopeAI Pro strategy are determined in consultation with each Member based on the mandate. The minimum investment for the SkopeAI Long/Short strategy is \$10 million, and the associated asset-based fees start at two percent (2.0%) per annum. Members are encouraged to invest larger amounts since the fees decline to scale at specific breakpoints. For these strategies, fees are generally charged monthly or quarterly in arrears, and payment is remitted to SkopeAI by the Member.

In addition, Members of the SkopeAI Pro and SkopeAI Long/Short strategies, who will generally invest larger amounts than Members of the core SkopeAI strategy, may seek to negotiate a most favored nation clause (“MFN”) in their Advisory Agreement. These provisions typically require SkopeAI to notify the MFN Member if we have entered or subsequently enter into a more favorable fee arrangement with a comparable Member, and offer the MFN Member the same fee arrangement. The applicability of an MFN clause typically depends on the degree of similarity between the mandates based on certain factors, including, but not limited to, the investment strategy, amount of assets under management, overall relationship size, and fee structure. SkopeAI does not agree to MFN provisions in all circumstances.

Members of SkopeAI Pro and SkopeAI Long/Short strategies may direct trades, and select their own clearing broker and custodian. Please refer to the section under the heading *“Item 12. Brokerage Practices”* on Page 16 below for more information.

## **Managing Growth**

All accounts will be subject to a minimum asset size, as noted above, however such minimums may be waived by SkopeAI in its sole discretion. In addition, SkopeAI reserves the right to negotiate, reduce or waive its advisory fee for certain Member accounts in all strategies at its sole discretion.

SkopeAI additionally reserves the right, at its sole discretion, to place interested prospective Members on a waitlist and grow each strategy incrementally. In addition, SkopeAI may ultimately impose a maximum account value in the future if SkopeAI believes, in its sole discretion, that adding assets will negatively affect its ability to manage a given strategy efficiently.

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

SkopeAI does not currently charge performance fees on investment management activities. While some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures, these conflicts of interest are not currently applicable to SkopeAI.

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

SkopeAI will provide services to both retail investors (i.e., consumers) and professional investors, generally in the form of professional wealth managers. At the outset, we will not manage retirement accounts. All Members must meet the Member suitability standards described above.



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

### Advisor Principles

- 1. All investors should be able to harness recent breakthrough advances in A.I. to create personalized investment solutions with risk management features and, where applicable, tax loss harvesting techniques.**

Customized equity portfolios implemented in SMAs have traditionally been the preserve of select investors, yet the deployment of new technologies is now making bespoke portfolios possible for a broader audience. This shift is ushering in the possibility of more efficiently targeting specific themes or capturing broad swaths of the market that can then be overlaid with personal preferences and tax considerations. Unlike a mutual fund or exchange traded fund (“ETF”), a SkopeAI Member owns the underlying securities in their account rather than a share in a pooled vehicle.

- 2. A systematic approach to investment management is best.**

Integrating automated approaches into investment strategies and portfolio management to process large amounts of information is becoming increasingly important to seeking returns when investing in public securities.

- 3. Environmental, social and governance (“ESG”) themes and impact investing will play an important role in the investment landscape for the next generation.**

For instance, evidence of rapid climate change from human activity is compelling, and humankind is grappling with its impact on the planet. Simultaneously, values surrounding social issues and corporate governance are becoming increasingly mainstream. As societies adapt, investors of all kinds should be able to better express their interests, views and value preferences in the process of seeking attractive returns.

Consistent with these principles, we expect SkopeAI will be a groundbreaking new platform that makes personalized SMAs widely available.

### System Architecture

At SkopeAI, a security selection engine is integrated with portfolio optimization, rebalancing and tax loss harvesting processes. For example, a Member may seek to support companies that actively mitigate climate change. This preference (interest or personal value) could be reflected within a systematic tax-aware equities strategy. Backtest simulation analyses displaying historical performance of the investment strategy could be displayed. We may change the make-up and functionalities of these tools from time to time, based on market experience and our ongoing research and product development.

We leverage proprietary optimization techniques to incorporate AI-driven relevance as well as statistical uncertainties in our investment process. These inputs are included in addition to more standard capital market assumptions (i.e., factor-based estimates of expected returns and risks) that are in the core of our portfolio optimization process. The resulting portfolios are designed to seek to maximize expected returns while attempting to control for risks, uncertainties and any preferences specified by each Member. Our dynamic rebalancing engine and tax loss harvesting process (if enabled) are designed to seek to increase the portfolio's after-tax returns while controlling for estimated transaction costs.

We also aim to add a collaborative element to the platform where Members can share investment strategies. Over time, we may add additional analytic capabilities and other functionalities as we develop them and conclude that they are appropriate for the Platform.

### **Fractional Shares**

Fractional shares allow investors to buy parts of a share in companies with relatively high stock prices, but they also carry particular risks. Purchasing fractional shares is also called dollar-based investing because investors don't place an order to purchase a specific number of shares, but instead specify the amount they want to invest in a particular company. Purchasing fractional shares makes it easy to invest precise amounts and start with less than the face value of one share of a stock. For all of their benefits, there are also risks and drawbacks to fractional share ownership. For example, only whole shares can be transferred between brokerages and investment advisors. If a Member wants to transfer their portfolio to another broker, they can transfer their whole shares but will likely need to sell their fractional shares. This carries the risk that the Member is forced to sell when they might prefer to keep the investment.

### **Tax Loss Harvesting**

SkopeAI also provides automated tax loss harvesting. Tax loss harvesting is the practice of selling a security that has experienced a marked-to-market loss. By realizing, or "harvesting" the loss, Members can seek to offset taxes on capital gains and income, thereby potentially deferring tax liabilities. Whether such services offered by SkopeAI will provide a benefit or not is dependent upon each Member's entire tax, financial and investment circumstances (e.g., including transactions in other investment accounts outside of SkopeAI and any spouse or dependent accounts that SkopeAI does not have visibility to monitor for assessing tax loss harvesting implications). For the avoidance of doubt, SkopeAI will only provide such services to SkopeAI managed accounts. As a result, Members are responsible for determining whether enabling tax loss harvesting services is right for them, when to enable or disable, including any tax consequences arising from such transactions. For further information on how these practices would apply to you, please consult a professional tax advisor before enabling such feature.

A benefit of SkopeAI offering individual stock and fractional share ownership through SMAs is that a Member owns shares in companies rather than holding those issued by an equity ETF or a mutual fund. Direct share ownership can facilitate tax loss harvesting.

Tax loss harvesting only applies to taxable investment accounts and has certain limitations. Retirement accounts such as IRAs and 401(k) accounts can grow tax-deferred. Specific regulations put in place by the Internal Revenue Service ("IRS") can prevent the sale of a security at a loss and repurchase of the same or substantially identical security shortly before or after. Losses from such sales, also known as "wash sales" are not deductible in many cases.

## Portfolio Optimization

SkopeAI seeks to be at the forefront of A.I. technology and quantitative finance.

Our CIO, Erkkko Etula, was a leading practitioner in the field of quantitative investment management at Goldman Sachs, where he spent over a decade leading the creation of the firm's new systematic investment strategies and applying them to the investment portfolios of wealthy individuals and institutions. While big data offers possibilities for generating attractive returns through systematic approaches, such efforts have to date been handicapped by limitations of traditional statistical tools. But that is changing as A.I. and ML are revolutionizing facets of investment management.

SkopeAI's approach is a collaborative multidisciplinary effort integrating Erkkko's expertise in quantitative investment management with John's expertise in machine learning. Together, they lead a team of quantitative researchers, finance professionals and machine learning engineers. In seeking a balance between return, risk, uncertainties and Member-specific interests, our processes combine elements of robust portfolio optimization and machine learning techniques.

Robust portfolio optimization acknowledges the difference between measurable market risks and uncertainties. Measurable market risks can be quantified using standard statistical techniques and therefore are often referred to as the "known unknown." Uncertainty, however, has to do with the fact that our measurements of the real world are polluted by model errors or lack of adequate data; uncertainty is therefore frequently referred to as the "unknown unknown." In practice, robust optimization attempts to mitigate the impact of errors in expected return estimates by increasing portfolio diversification. Importantly, it does not protect the investor against risks.

At the root, our proprietary optimization process seeks to maximize each portfolio's expected return while controlling both measurable risks and uncertainties. The optimization process is also capable of accounting for investor preferences over environmental, social and governance factors as well as thematic interests. In addition, our dynamic rebalancing process and security-level tax loss harvesting process (if enabled) are designed to add further value through potential savings in taxes and transaction costs. Note that these optimization objectives may not be met.

## Material Risks

In practice, aligning investments to match individual values is extremely difficult, especially when balancing many values against the dominant priority of seeking attractive risk-adjusted returns.

On SkopeAI's self-directed platform, the Member can modify initial SkopeAI portfolio strategy recommendations and approve recommendations prior to the implementation. SkopeAI technology powers the security recommendations and the portfolio optimization after a Member has made their selections.

**SkopeAI does not guarantee the future performance of any account or portfolio. Past performance is not indicative of future results. Members may lose some or all of the amount invested. Investing in securities involves a risk of loss that Members should be prepared to bear. SkopeAI, LLC is not responsible to any Member for losses unless caused by SkopeAI breaching its fiduciary duty, as defined in the SEC's final interpretation regarding standard of conduct for investment advisers in the Investment Advisers Act of 1940, effective July 12, 2019.**

Member portfolios will be subject to general movements in the stock market and the value fluctuations of each particular company's stock included in their portfolio. Investments made through the SkopeAI platform involve substantial risk and are subject to various market, currency, economic, political and regulatory risks.

The following risks are not all-inclusive but should be considered carefully by a prospective or existing Member before entering or changing their portfolio. These risks should be considered as possibilities, with additional regard to their actual probability of occurring and their impact.

1. **Automated Investing.** SkopeAI may rely on static questionnaires consisting of a limited number of questions that form a basis for its investment recommendations. Such questionnaires are limited in nature. The questions may not, or may not accurately, capture an individual Member's needs. Online and electronic interactions have limitations compared to in-person individual advice.
2. **Theme-based and value alignment investing.** Theme-based investing can reflect specific values and preferences of the Member and carries specific risks. For example, investing in companies that rank highly on ESG characteristics, according to third-party data, may introduce risks that the data used to evaluate these companies is subjective or erroneous. Also, such companies may underperform the returns of other companies. There is no guarantee that companies in the portfolio will not have ESG controversies.
3. **Stock Market.** Investing in the broader stock market, particular sub-components, and the shares of individual companies involves investments in common stocks that are subject to substantial price volatility, and risk of outright loss associated with the idiosyncratic risks of the underlying companies, including bankruptcy risk. In addition, the equity market tends to move in cycles, which may cause stock prices to decline dramatically for extended periods of time.
4. **Small Company Risk.** Investments in small and medium capitalization companies involve additional risks. These additional risks, among others, may result from concentrated product lines, narrower markets, limited access to financial resources, and greater vulnerability to competition. These factors often increase the volatility of their underlying share price, and make it difficult to value or sell these investments. Relative to the stocks of large capitalization companies, the stocks of small- and mid-capitalization companies may be thinly traded and sales may result in higher transaction costs. Small- and mid-capitalization companies may also perform poorly during times of economic stress.
5. **Short Sale.** A short sale involves the sale of a borrowed security, in anticipation of purchasing that same security at a lower price in the future in order to close the short position. If the value of the borrowed security increases between the date the account enters into the short sale and the date that the account buys that security to cover its short position, the account will experience a loss. There can be no assurance that a portfolio will be able to close a short sale position at any particular time or at an acceptable price. Short selling involves the risks of increased leverage, and its accompanying potential for losses. In addition, the lender could terminate the loan at any time, forcing the portfolio to close the transaction under unfavorable conditions.

6. **Concentration.** SkopeAI's investment themes will typically hold a number of security positions, but this will still expose the portfolio to the broader market, particular industries or styles, and to the change in the value of specific companies. Losses in one or more positions, or a downturn in an industry, style or market sector in which the company participates will adversely affect the portfolio's performance.
7. **Trading Timing.** SkopeAI will automatically rebalance the securities in an account periodically in accordance with each Member's customized strategy to achieve a balance between return potential and risk. As such, Members' trading in the same securities may not be aggregated and the trades may be executed at different times through the day, which could result in different prices.
8. **Liquidity.** Stock market liquidity is dynamic as is the available shares for purchase and sale of an individual company at any given time. Accordingly, Members may not always be able to sell their securities at an advantageous price, or even at all, on occasion. They may even be forced to sell their securities at a deep discount to what they expect "fair market value" to be.
9. **Models.** SkopeAI's models, and the judgment used to build and maintain them, may prove to be incorrect, and a Member might not achieve their investment objectives.

Our models are based on evaluation of historical data. Probabilistic projections are just that, however, and actual events may differ markedly or even lie outside our projections.

Broadly speaking, models used by SkopeAI have inherent limitations, including the possibility of design and data input errors. Our models may fail to keep up with changes in markets and the behavior of market participants over time. Risks of unintended errors and malfunctions are inherent in each component of the programming process.

SkopeAI will, from time to time, make changes to the investing algorithms and services that it provides. Additionally, it is possible that Members or SkopeAI itself may experience computer equipment failure, loss of internet access, computer viruses, or other events that prevent access to SkopeAI's software-based service.

10. **External Vendors.** SkopeAI relies on data, software and financial models from external third-parties as input to the overall Platform. While SkopeAI uses reasonable precautions to minimize integration errors, vendor-supplied data, software and models are subject to the same set of design and input errors as those developed by SkopeAI, and are therefore an additional source of risk. There is also the risk that these vendors stop offering their services altogether, necessitating a change in SkopeAI's methodology.
11. **Hypothetical Performance.** Relying on backtest results when building SkopeAI portfolios carries certain risks. Prior to implementing their custom portfolios, SkopeAI Members are shown the historical performance of the share composite of proposed companies. These backtest results can be compared to publicly-traded ETFs and broader market indices. While the composite is simply a

representation of the different share prices, adjusted to their proposed weightings, this hypothetical past performance is not representative of an actual or expected performance record because the trades were not actually executed. The results displayed do not include, among other considerations, trading costs and certain market or economic factors, such as a lack of liquidity or the impact of subscriptions and redemptions in a SkopeAI portfolio. Hypothetical past performance in general is also designed with the benefit of hindsight.

SkopeAI's web-based platform includes information and disclosures that allow Members to learn what criteria and assumptions are used when calculating the historical performance displayed, and we highlight the risks and limitations of using these backtest results in constructing their SkopeAI portfolios.

**12. Legislative and Tax.** Member account 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, and changes in the tax code. SkopeAI can perform tax loss harvesting techniques in an effort to maximize the tax efficiency of investing on its Platform, but the benefit of this optimization is subject to prevailing income tax rates and IRS rules regarding characterization. In addition, there is a risk that trading in a Member's non-SkopeAI accounts may invalidate any tax offsets in a SkopeAI portfolio. SkopeAI does not provide tax advice; the Member should always consult their tax accountant before enabling the tax loss harvesting feature.

**13. Cybersecurity.** SkopeAI, its service partners and its information providers are subject to risks associated with a breach in cybersecurity. Cyber-attacks may cause losses to SkopeAI's Members by interfering with the processing of transactions, affecting SkopeAI's ability to operate commensurate with the terms of the Advisory Agreement. Members may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensically determining the origin and scope of the breach, identity theft, unauthorized use of personal information, litigation, and the dissemination of confidential and proprietary data. While SkopeAI has implemented cybersecurity protections and established incident response and business continuity plans, there are inherent limitations in such systems and plans.

**14. Public Health Emergency.** As of the date of this Part 2A of the Form ADV, there is an ongoing outbreak of a novel and highly contagious form of coronavirus ("COVID-19"). The outbreak has caused a worldwide public health emergency with a substantial number of hospitalizations and deaths, and has significantly adversely impacted many securities markets. The global outbreak is rapidly evolving and the extent of the impact of COVID-19 on SkopeAI accounts will depend on many factors, including the breadth and duration of the pandemic.

**15. Disclosure Limitations.** The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved in investing through the SkopeAI platform. As markets change and SkopeAI's investment strategies evolve, Members may be subject to additional and different risk factors. No assurances can be made that profits will be achieved or that substantial losses will not be incurred.



In summary, SkopeAI's ability to evaluate market behavior may prove to be incorrect, resulting in a significant or total loss of Member capital. SkopeAI may also make future changes to the technology and data employed or change the approach to portfolio management, resulting in different outcomes than anticipated. Finally, Members should rely only on the information contained in this document, as it may be updated from time to time, or that we have referred them to. SkopeAI has not authorized anyone to provide information that is different.

## **Item 9. Disciplinary Information**

There are no legal or disciplinary events that are material to a Member's or prospective Member's evaluation of our business or integrity. SkopeAI and its employees have not been involved in any legal or disciplinary events in the past 10 years.

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

SkopeAI does not recommend or select other investment advisers for Members. In addition, neither SkopeAI nor its representatives are registered as or have pending applications to become a Broker / Dealer, Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities. SkopeAI reserves the right to change this status in the future.

The shareholders of Skopos, SkopeAI's parent company, include financial industry companies. No such investor, however, constitutes "affiliate status" defined in the Rule 405 under the Securities Act of 1933.

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

SkopeAI has adopted a written code of ethics that is applicable to all employees. Among other things, the code of ethics requires SkopeAI and its employees to act in Members' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on certain types of personal securities transactions. SkopeAI's restrictions on personal securities trading apply to employees, as well as the employees' family living in the same household. A copy of SkopeAI's code of ethics is available upon request.

SkopeAI's employees are generally permitted to trade alongside Member accounts as long as they receive the average price that is applicable to Members and pay their share of any transaction costs. However, no employees are allowed to participate in partially filled orders until all Members' orders have been filled. Oliver Goodenough, SkopeAI's Chief Compliance Officer, or his designate, monitors employee trading, relative to Member trading, to ensure that employees do not engage in improper transactions. The CCO does not grant preclearance where it would appear that an employee's trading could disadvantage SkopeAI's Members.

Under certain circumstances, an employee might invest in a security that is not considered suitable for Member accounts because of size, liquidity, or other factors. A change in these factors could result in the security becoming more suitable for Members, but the CCO might not allow the security to be purchased for Member accounts in order to avoid even the appearance of employees trading ahead of Members. We believe that an employee's personal trading limiting Members' investment opportunities will be rare, but such a situation may arise from time to time.

## Item 12. Brokerage Practices

As referenced in “*Item 5. Fees and Compensation*” on Page 6 above, for the core SkopeAI strategy, the Advisor has designated Apex Clearing Corporation (“Apex”) as the broker dealer for Members of the core strategies. Apex is a broker-dealer, and member FINRA and SIPC.

Please refer to this link to learn more about SkopeAI’s relationship with Apex:

[Apex Information Brochure for Customers of Registered Advisors](#)

For operational and compliance efficiency, we have elected to provide all asset management services for core-strategy Members through one brokerage platform. Members are not required to use the SkopeAI Platform, and therefore are not obligated to open an account with Apex. If potential core strategy Members do not want to use Apex Clearing, we are unable to provide our asset management services.

If SkopeAI buys or sells the same securities on behalf of more than one Member account, then it, or its designated broker-dealer, may choose, but is under no obligation, to aggregate such securities in a single transaction for multiple accounts to seek more favorable prices or more efficient execution. SkopeAI will place an aggregate order with the broker on behalf of all such Member accounts to ensure fairness for all accounts; provided that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. SkopeAI will determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction.

SkopeAI will generally execute transactions on an automated basis for Member accounts at various points of the day as needed to fulfill Member directed requests, rebalancing and other items requiring activity. As such, SkopeAI will at times purchase or sell the same security at different times during the day and thus, Members will receive different prices. SkopeAI creates trades by running the applicable strategy for each Member account and certain activity will necessitate certain transactions to occur. In instances where multiple Member accounts have triggered the release of execution instructions, SkopeAI’s Platform will place all applicable Member accounts in a randomized trade rotation to ensure all participating Member accounts are treated fairly and no one set of Members is continually favored or systematically disadvantaged.

In the event of a partial fill, SkopeAI will proportionally allocate shares across participating accounts according to the total shares which should have been purchased or sold and the amount which was actually purchased or sold.

Additionally, SkopeAI’s general brokerage practices include:

- 1. Use of Commissions - Research and other Soft Dollar Benefits.** SkopeAI does not receive research from any broker-dealer in connection with its Members’ securities transactions. These research benefits are commonly referred to as “soft dollar benefits.” SkopeAI will from time to time receive generic market commentaries or market research from broker-dealer firms. However, the receipt of those materials is not tied to the execution of Member transactions.
- 2. Brokerage for Member Referrals.** SkopeAI receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer.



- 3. Members Directing Which Broker / Dealer / Custodian to Use.** SkopeAI Pro and SkopeAI Long/Short strategy Members are permitted to direct SkopeAI to execute transactions through a specified broker-dealer other than Apex. If a Member directs brokerage, then they will be required to acknowledge in writing that their direction with respect to the use of specified brokers supersedes any authority granted to SkopeAI to select Apex, and acknowledge that such a redirection may result in different commissions and other fees, which may also result in a disparity between other SkopeAI strategy Members; the Member may be unable to participate in block trades (unless SkopeAI is able to engage in “step outs”); and trades for the Member and other directed accounts may be executed after trades for commission-free accounts, which may result in less favorable prices, particularly during volatile market conditions.

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

SkopeAI's staff periodically reviews Member accounts to confirm Member assets are properly invested according to the applicable strategy, position thresholds, existence of any Member-directed restrictions, and requirements of agreements in place, as applicable. In addition, the Chief Compliance Officer or his designee will conduct limited sample testing of Member accounts on a quarterly basis to confirm Member accounts are being managed correctly.

Ad hoc account reviews may also be undertaken for reasons including changes in market conditions, changes in security positions or changes in a Member's investment objective or policies. Such reviews include, but are not necessarily limited to, material losses in an individual stock, unusual funding behavior, and material changes in the overall market environment.

Information relating to Member accounts, including account performance and account balances, are provided on SkopeAI's website. Through its website, SkopeAI also intends to provide access to reports prepared by Apex. As custodian, Apex will provide Members with monthly and/or quarterly reports containing, among other things, a summary of all activity in the account, including purchases and sales of securities and any debits and credits to the account, a summary of holdings including a portfolio valuation, and the change in value of the account during the relevant reporting period.

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

From time to time, SkopeAI will offer promotional discounts or benefits to some accounts that differ from the fees stated in “*Item 5. Fees and Compensation*” above on *Page 6* for new Member referrals. Any such promotion may be modified or cancelled by SkopeAI at any time. SkopeAI shall have sole discretion in determining whether or not any potential or existing Member meets the requirements to participate in such promotion.

SkopeAI will from time to time also initiate advertising campaigns through different networks, such as Microsoft adCenter and Google Ads, to attract Members to establish advisory relationships. In addition, SkopeAI intends to enter into agreements with individual bloggers and other companies to promote SkopeAI to prospective and potential Members, or marketing services agreements with various companies to promote SkopeAI to their Members or website users.

SkopeAI promotions will from time to time appear on social media and other websites, as well as sites that host articles about investment products and services. Members are not charged a fee

or other costs for being referred to SkopeAI by an existing Member, marketer or solicitor. The compensation arrangements generally are either a flat fee calculated and paid on a periodic basis or a fee based on a percentage of the advisory fees paid to SkopeAI by the referred Members and are disclosed to new Members.

Such arrangements create an incentive for a third party or existing Member to refer prospective Members to SkopeAI even if the third party would not otherwise make the referral. In addition, such promotions and marketing arrangements may incentivize a Member to maintain a certain level of assets managed by SkopeAI if doing so would result in eligibility to receive additional compensation or benefits.

As required by law, any referral and solicitation programs will be operated in compliance with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940 (the “Advisers Act”). In addition, in an effort to be as transparent as possible, SkopeAI will maintain on its website a disclosure explaining that marketing fees are paid to other websites and other companies for presenting SkopeAI promotions and links to SkopeAI. In addition, SkopeAI will make similar disclosures when Members establish a new account.

## **Item 15. Custody**

All Members’ accounts are held in custody by unaffiliated broker/dealers or banks or financial institutions related to custody and clearing processes, but SkopeAI can access Members’ accounts in the core SkopeAI strategy through its ability to instruct Apex to debit advisory fees. For this reason, SkopeAI is considered to have custody of Member assets, for some Members. Account custodians send statements directly to the account owners. Members should carefully review these statements, and should compare these statements to any account information provided by SkopeAI.

## **Item 16. Investment Discretion**

SkopeAI has discretionary authority to manage self-directed securities accounts on behalf of Members and their authorized agents, although initial portfolio construction will be directed by and accepted by each Member. Accordingly, SkopeAI places trades in Member accounts without contacting the respective Members prior to each trade to obtain consent. Our discretionary authority includes the ability to determine the security to buy or sell, the amount of the security to buy or sell, the price at which to buy or sell, and the broker dealer utilized to execute the transaction.

Members grant SkopeAI discretionary authority when they sign our Advisory Agreement. Members can request reasonable restrictions for their accounts, including restrictions to prevent purchases of certain securities or certain types of securities. Additionally, during initial portfolio construction, a Member can modify the suggested strategy based on the Member-directed inputs to include specific securities. However, consistent with the Advisory Agreement, Members may not approve automatically generated rebalancing and tax loss harvesting orders, nor the debit of advisory fees that are due and payable.

## Item 17. Voting Client Securities

SkopeAI will generally vote on shareholder proxies on behalf of its Members. SkopeAI will secure voting discretion through its Advisory Agreement with Members, and will exercise voting authority over Member proxies consistent with its proxy voting policies and procedures in accordance with Rule 206(4)-6 of the Advisers Act.

SkopeAI's guiding principles in performing proxy voting are to vote in favor of proposals that in SkopeAI's view maximize shareholder value and are not influenced by conflicts of interest. These guidelines are reviewed periodically to ensure that they remain consistently applied. Members may request a copy of SkopeAI's proxy voting policies and procedures and voting records, as provided by Rule 206(4)-6, by contacting SkopeAI at [compliance@skope.ai](mailto:compliance@skope.ai).

SkopeAI's proxy voting policies and procedures address a variety of topics. They include, among other considerations, shareholder voting rights, board appointments, management and director compensation, reorganizations, mergers, and issues of corporate social responsibility.

SkopeAI considers several key factors when determining whether a proxy is in the best interests of its Members, including:

- 1. Impact on shareholder value and rights;**
- 2. dilution to shareholders;**
- 3. accountability of management and directors to shareholders; and,**
- 4. if a shareholder led initiative, the impact on company resources.**

SkopeAI has retained Apex's third-party proxy voting service to assist in the implementation of certain proxy voting-related functions, including: operational, recordkeeping and reporting services. SkopeAI has policies and procedures reasonably designed to sufficiently evaluate if Apex is casting votes in the best interests of SkopeAI's Members.

With respect to managing conflicts of interest, if a conflict between SkopeAI and its Members arises during proxy voting, SkopeAI will notify Members of such conflict and request consent for SkopeAI to vote consistent with its proxy voting policies and procedures. If Members consent to SkopeAI's intended response or do not respond within a reasonable time specified, we will vote the proxy as described in the notice. If Members object in writing to SkopeAI's intended response, then SkopeAI will vote according to the Member's direction.

SkopeAI may choose to abstain from voting proxies if it believes the proposal is not in the best interests of its Members. In addition, from time to time, SkopeAI's ability to vote proxies may be affected by regulatory requirements and compliance, legal or logistical considerations. As a result, SkopeAI may sometimes determine that it is not practicable or desirable to vote proxies.

## Item 18. Financial Information

SkopeAI has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage Member accounts and meet its contractual commitments to its Members.

## Brochure Supplement (Part 2B of Form ADV)



SkopeAI, LLC  
370 Jay Street, 7<sup>th</sup> Floor  
Brooklyn, NY 11201

[www.skope.ai](http://www.skope.ai)

August 23, 2021

### Item 1 – Supervised Persons

#### Erkko Etula

This Brochure Supplement provides information about the above-listed Supervised Persons that supplements the SkopeAI Form ADV Brochure. If you have any questions about the contents of this brochure supplement, please contact Oliver Goodenough by email at [compliance@skope.ai](mailto:compliance@skope.ai).

The information in this brochure supplement has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about Erkko Etula is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Erkko Etula**  
**Chief Investment Officer (CIO)**



Year of Birth: 1982

SkopeAI, LLC  
370 Jay Street, 7<sup>th</sup> Floor  
Brooklyn, NY 11201

**Item 2 – Professional Experience and Educational Background**

*Professional Experience*

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**Goldman Sachs & Co.**

Managing Director, Investment Strategy Group  
September 2010 – July 2021

- Headed Strategic and Quantitative Asset Allocation Research
- Led the design of the group's factor-based approach to strategic asset allocation used to allocate hundreds of billions of dollars in client assets
- Led a number of systematic investment strategies used to directly manage billions of dollars in client assets
- Led the launch of multi-billion-dollar mutual funds
- Co-chaired Portfolio Strategy & Implementation working group in the divisional Sustainable Solutions Council

**Federal Reserve Bank of New York**

Economist, Capital Markets Research  
August 2009 – September 2010

- Specialized in asset pricing / estimation of risk premia across asset classes

*Educational Background*

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**Harvard University**

Ph.D. in Economics, 2009  
M.A. in Economics, 2008

*Presidential Scholar, 2006 - 2009*

## *Educational Background (Cont'd)*

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### **Massachusetts Institute of Technology (MIT)**

B.Sc., 2005

*Phi Beta Kappa, 2005*

*Fulbright Scholarship, 2002 – 2004*

*Research Assistant for Nobel Laureate Paul A. Samuelson, 2003 – 2009*

## *Additional Information*

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### **Item 3 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that are material to a Member's evaluation of each supervised person providing investment advice. No information is applicable to this Item.

### **Item 4 - Other Business Activities**

Not Applicable.

### **Item 5 - Additional Compensation**

Not Applicable.

### **Item 6 - Supervision**

SkopeAI employs artificial intelligence (A.I.) to build and manage systematic investment portfolios. Proprietary software models generate views on portfolio construction, rebalancing, and tax loss harvesting.

As CIO, Erkko Etula leads SkopeAI's portfolio management team that supervises the implementation of these models and any future updates.

Erkko's advisory activities on behalf of SkopeAI are supervised by John Nay, who is also CEO of SkopeAI's parent company, Skopos Labs, Inc. John can be reached at [info@skope.ai](mailto:info@skope.ai) or by calling (201) 375-3780.