

Chartist, Inc. d/b/a  
The Chartist Managed Accounts

5122 Katella Avenue, #200  
Los Alamitos, California 90740

Telephone: 562-596-2385  
Facsimile: 562-596-1280  
Website: [www.thechartist.com](http://www.thechartist.com)  
Contact: Steve Mais, Chief Compliance Officer

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#### FORM ADV PART 2A BROCHURE

This brochure provides information about the qualifications and business practices of The Chartist. If you have any questions about the contents of this brochure, please contact us at 562-596-2385. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about The Chartist is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for The Chartist is 105072.

The Chartist is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Summary of Material Changes**

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### **Item 4 Advisory Business**

## Description of Services and Fees

Chartist, Inc. is a registered investment adviser based in Los Alamitos, California. We were organized as a corporation under California law on November 1, 1975. We are a fee-only, independent financial adviser that provides investment advice to our clients using common stocks, exchange traded funds, no-load stock funds, no-load income funds, and money market funds. Daniel Sullivan is our principal owner. Currently, we offer the following services:

- **Portfolio Management Services**
- **Subscription Periodicals**

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words “we”, “our” and “us” refer to The Chartist and the words “you”, “your” and “client” refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person or Investment Adviser Representative throughout this brochure. As used in this brochure, our Associated Persons or Investment Adviser Representatives are our firm’s officers, employees, and all individuals providing investment advice on behalf of our firm.

### Portfolio Management Services

We offer discretionary portfolio management services in which we invest your assets using a predefined strategy, or we may invest your assets according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio’s performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

- **Equity Portfolios:** Managed equity portfolios are invested in a broad spectrum of common stocks and exchange traded funds, many of which are listed in our investment publications. Larger portfolios may have broader stock diversification. When funds are not invested in common stocks and /or exchange traded funds, they are maintained in money market accounts. Margin may be used for equity portfolios at your request and upon written authorization.
- **Balanced Portfolios:** These portfolios will be fully invested in a combination of common stock funds, balanced funds, exchange- traded funds, and income funds. The Balanced portfolios are not invested using the same timing strategy that we use in our Equity and Mutual Fund/ETF portfolios. The Balanced portfolio tries to maintain a 50% equity and 50% income positions regardless of the market environment.
- **Mutual Fund/Exchange Traded Fund Management Program:** Our mutual fund/exchange traded fund management program transfers money out of money market funds and into stock mutual funds and exchanged traded funds, or vice versa. This program mainly uses exchange traded funds or no- load mutual funds. In some cases, low-load mutual funds may be used if their profit potential warrants their use. You may choose between a margin account and a non-margin account. Margin accounts require written authorization.

## Item 5 Fees and Compensation

### All Portfolios: Management fees

Assets Under Management	Annual Fee
\$50,000 to 249,999	1.25%
\$250,000 to 499,999	1.00%
\$500,000 to 749,999	.85%
\$750,000 to 999,999	.75%
\$1,000,000 +	.65%

Our annual portfolio management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

Either you or the firm may terminate the portfolio management agreement within five days from the date of acceptance without penalty to you. After the five-day period, either party may terminate the portfolio management agreement upon 10-days' written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre- paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating the advisory fee. The Chartist may waive quarterly management fees for any given management program (for example Equity Portfolios, Balanced Portfolios, etc. at any time). Any percentage waiver shall apply equally to each account in that particular management strategy.

The Chartist reserves the right to enter into contracts with clients that may result in fees that are less than the standard fee schedule set forth above based upon certain criteria including, but not limited to, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, or account composition.

### **Subscription Periodicals**

Our firm issues two periodicals available by subscription. Both are available on our website: [www.thechartist.com](http://www.thechartist.com). Complimentary subscriptions are available to our portfolio management clients.

“The Chartist” - is a newsletter that gives specific buy and sell recommendations to subscribers and is published every three weeks. Subscribers receive either via the telephone or by email twice a week updates. Subscription fees are: One year = \$290, Two years = \$530, Three years = \$770

“The Chartist Mutual Fund ETF/Letter” – is a mutual fund newsletter published monthly. Subscribers receive either via the telephone or by email twice a week updates. Subscription fees are: One year = \$240, Two years = \$430, Three years = \$645

Our firm has an agreement with Forbes.com where they pay us a licensing fee for the right to distribute copies of our two periodicals through their website.

### **Types of Investments**

We primarily offer advice regarding common stocks, exchange traded funds, no-load stock funds, no-load income funds and money market funds. You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of 12/31/2020, we manage \$214,310,000 in client assets on a discretionary basis.

Please refer to the “Advisory Business” section in this brochure for information on our advisory fees, fee payment arrangements, and refund policy for our portfolio management services.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund’s prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses.

You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the “Brokerage Practices” section of this brochure.

We may trade client accounts on margin. Each client must sign a separate margin agreement before margin is extended to that client account. Fees for advice and execution on these securities are based on the total asset value of the account, which includes the value of the securities purchased on margin. While a negative amount may show on a client’s statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This could create a conflict of interest where we may have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved.

### **Additional Compensation**

Our firm does not receive commissions or other forms of compensation for the sale of securities or other investment products recommended to you.

### **Item 6 Performance-Based Fees and Side-By-Side Management**

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client’s account. Our fees are calculated as described in the “Advisory Business” section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

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

We offer portfolio management services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require the following minimums to open and maintain a portfolio management account:

- Equity Portfolios - \$100,000
- Balanced Portfolios - \$100,000
- Mutual Fund/Exchange Traded Fund Management Program - \$50,000

At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management.

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

### **Our Methods of Analysis and Investment Strategies**

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you.

- **Charting Analysis** – involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends. Charts may not accurately predict future price movements. Current prices of securities may not reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.
- **Technical Analysis** – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may not reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.
- **Long Term Purchases** – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short Term Purchases** – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- **Margin Transactions** – a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s) when we determine that it is suitable given your stated investment objectives and tolerance for risk. This may include buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses during a volatile market. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the “Advisory Business” section in this brochure, we primarily recommend equity securities, income and stock mutual funds (primarily no-load funds), and exchange traded funds. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

There are numerous ways of measuring the risk of equity securities (also known simply as “equities” or “stock”). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to: the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, more well-established companies (“large cap”) tend to be safer than smaller start-up companies (“small cap”) but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Mutual funds and exchange traded funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are “no load” and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns.

### **Item 9 Disciplinary Information**

Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

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

We have not provided information on other financial industry activities and affiliations because we do not have any relationship or arrangement that is material to our advisory business or to our clients with any of the types of entities listed below.

- Broker-dealer, municipal securities dealer, or government securities dealer or broker
- 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)
- Other investment adviser or financial planner
- Futures commission merchant, commodity pool operator, or commodity trading advisor
- Banking or thrift institution
- Accountant or accounting firm
- Lawyer or law firm
- Insurance company or agency
- Pension consultant
- Real estate broker or dealer
- Sponsor or syndicator of limited partnerships

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



Our Code of Ethics is based on the principle that we owe a fiduciary duty to our clients. Accordingly, our employees must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of our clients. Our firm and our employees must at all times:

- Act with integrity, competence, diligence, respect and in an ethical manner with the public, prospective clients, employers, employees, colleagues in the investment profession and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of the Chartist, Inc. above one's own personal interest;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflicts of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals;
- Comply with applicable provisions of the federal securities laws.

Chartist, Inc. employees may not benefit at the expense of advisory clients. This concept is particularly relevant when employees are making personal investments in securities traded by advisory clients.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

#### Participation or Interest in Client Transactions

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

#### Personal Trading Practices

Our firm or persons associated with our firm may buy or sell securities for themselves that we recommend to you. If sufficient securities can be purchased or sold to satisfy the needs of all our clients for whom we consider such a purchase or sale appropriate, and also for our firm or associated persons, then we will purchase or sell the same securities at the same time. However, if sufficient securities cannot be purchased or sold to satisfy the needs of all our clients we consider such purchase or sale appropriate, our firm or associated persons will only purchase or sell the same securities after satisfying the needs of our clients.

Our firm maintains a "restricted list" of securities that the firm is analyzing. We maintain and enforce a code of conduct for all employees that discusses their securities transactions and the penalties for any violations of the Code of Ethics.

Further, if you are a new client, it is possible that we may recommend the purchase of securities in which our firm or associated persons have a position. You should be aware that transactions in a specific security may not be accomplished for all accounts at the same time or at the same price.

#### Item 12 Brokerage Practices

##### Brokerage Recommendation

We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by

entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your Brokerage and Custody Costs”).

### **How We Select Brokers/Custodians**

We seek to select a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us From Schwab”)

### **Your Brokerage and Custody Costs**

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. This commitment benefits you because the overall fees you pay are lower than they would be otherwise. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”).

### **Products and Services Available to Us From Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage - trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts; while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab’s support services:

**Services That Benefit You.** Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We

may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

**Services That Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

**Schwab may provide some of these services itself.** In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

**Our Interest in Schwab's Services.** The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us. We have over \$200 million in client assets under management, and we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

We routinely require that you direct our firm to execute transactions through Schwab. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

### **Block Trades**

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading") whenever possible. We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

We do not combine multiple orders for shares of the same mutual funds purchased for advisory accounts because mutual funds do not trade in blocks.

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

#### **Portfolio Management Reviews**

Account reviews are conducted on an ongoing basis by the firm's principals and/or associated persons. However, you are responsible for advising us of any changes in your investment objectives and/or financial situation. You are encouraged to review your investment objectives and account performance with us on an annual basis.

- You will receive the following reports or statements:
- You will receive monthly account statements and transaction reports directly from the custodian or mutual fund company. The monthly statements list the current assets and transactions that have taken place in the account during the month.
- Our firm provides quarterly performance reports and portfolio appraisals listing each asset, its cost basis and its current value.
- You will receive a quarterly management fee bill which includes the calculation of the management fee based on the account's closing value at the beginning of the quarter times the applicable percentage fee.
- We also send you The Chartist monthly newsletter which updates you on our investment strategy.
- At year-end, you will receive a complete list of capital gains and losses along with other pertinent tax information.

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

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals. However, please refer to the "Brokerage Practices" section above for disclosures on research and other benefits we may receive resulting from our relationship with Schwab.

### **Item 15 Custody**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. We will also provide statements to you reflecting the amount of advisory fee deducted from your account.

You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

### **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a limited power of attorney, and/or trading authorization form.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio

and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the “Advisory Business” section in this brochure for more information on our discretionary management services.

## **Item 17 Voting Client Securities**

### **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## **Item 19 Additional Information**

### **Your Privacy**

We collect non-public information about you from the following sources:

- Information received from you on applications or other forms;
- Information about your transactions with our firm or others; and
- Information received from consumer reporting agencies.

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Accuracy of Information**

Our portfolio management recommendations are based on your financial situation at the time we make the recommendations and on the financial information you provide to our firm. We rely on the information you and your other professional advisors provide and we are not required to verify such information. You must promptly notify our firm if your financial situation, goals, objectives, or needs change or if you wish to impose reasonable restrictions upon

**Trade Errors**

If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, we will pay for the loss.

Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

**Assignment**

Neither you nor our firm may assign the Investment Advisory Agreement without the prior written consent of the other party. Transactions that do not result in a change of actual control or management of our firm shall not be considered and assignment.

**Arbitration**

Any controversy or claim, including, but not limited to, errors and omissions arising out of or relating to our portfolio management agreement or the breach thereof, shall be settled by arbitration in the County of Los Angeles, State of California in accordance with the code of Commercial Arbitration of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. You understand that this agreement to arbitrate does not constitute a waiver of the right to seek a judicial forum where such waiver would be void under the federal securities laws. Arbitration is final and binding on the parties.

**Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of Securities held by you.

FORM ADV PART 2B  
BROCHURE SUPPLEMENT

Daniel Francis Sullivan  
CRD No. 2635334

Chartist, Inc. d/b/a  
The Chartist  
5122 Katella Avenue, #200  
Los Alamitos, California 90740  
Telephone: 562-596-2385

This brochure supplement provides information about Daniel Sullivan that supplements The Chartist brochure. You should have received a copy of that brochure. Please contact Steven Mais, Executive Vice President and Chief Compliance Officer at the telephone number above if you did not receive The Chartist brochure or if you have any questions about the contents of this supplement.

Additional information about Daniel Sullivan is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### Educational Background and Business Experience

Daniel Francis Sullivan

Year of Birth: 1934

Formal Education after High School:

- Long Beach City College,
- Loyola University,

Business Background for the Previous Five Years:

- Chartist, Inc. d/b/a The Chartist, President, 11/1975 to Present

#### Disciplinary Information

Mr. Sullivan does not have any reportable disciplinary disclosure.

#### Other Business Activities

Mr. Sullivan does not receive any additional compensation for providing advisory services beyond the fee based compensation he receives through our firm.

Mr. Sullivan is not actively engaged in any other business or occupation (investment-related or otherwise) beyond his capacity as President of our firm. Moreover, Mr. Sullivan does not receive any commissions, bonuses or other compensation based on the sale of securities or other investment products.

#### Additional Compensation

Mr. Sullivan does not receive any additional compensation for providing advisory services beyond the fee based compensation he receives through our firm.

#### Supervision

As President of our firm, Mr. Sullivan is not supervised by other persons.

However, we believe our firm has in place written supervisory procedures that are reasonably designed to detect and prevent violations of the securities laws, rules and regulations.

William Edward Mais

CRD No. 2635998

Chartist, Inc. d/b/a

The Chartist

5122 Katella Avenue, #200

Los Alamitos, California 90740

Telephone: 562-596-2385

This brochure supplement provides information about William Mais that supplements The Chartist brochure. You should have received a copy of that brochure. Please contact Steven Mais, Executive Vice President and Chief Compliance Officer at the telephone number above if you did not receive The Chartist brochure or if you have any questions about the contents of this supplement.

Additional information about William Mais is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Educational Background and Business Experience**

William Edward Mais

Year of Birth: 1931

Formal Education after High School:

- University of California, Berkley, Bachelor of Science, Business, 1954

Business Background for the Previous Five Years:

- Chartist, Inc. d/b/a The Chartist, Vice President, 06/30/1991 to Present

**Disciplinary Information**

Mr. Mais does not have any reportable disciplinary disclosure.

**Other Business Activities**

Mr. Mais does not receive any additional compensation for providing advisory services beyond the fee based compensation he receives through our firm.

Mr. Mais is not actively engaged in any other business or occupation (investment-related or otherwise) beyond his capacity as Vice President of our firm. Moreover, Mr. Mais does not receive any commissions, bonuses or other compensation based on the sale of securities or other investment products.

**Additional Compensation**

Mr. Mais does not receive any additional compensation for providing advisory services beyond the fee based compensation he receives through our firm.

**Supervision**

Daniel Sullivan, President of our firm is responsible for supervising the advisory activities of Mr. Mais. Mr. Sullivan can be reached at 562-596-2385.

In addition, we believe our firm has in place written supervisory procedures that are reasonably designed to detect and prevent violations of the securities laws, rules and regulations.

Steven Gerard Mais

CRD No. 710902

Chartist, Inc. d/b/a

The Chartist

5122 Katella Avenue, #200

Los Alamitos, California 90740

Telephone: 562-596-2385

This brochure supplement provides information about Steven Mais that supplements The Chartist brochure. You should have received a copy of that brochure. Please contact Steven Mais, Executive Vice President and Chief Compliance Officer at the telephone number above if you did not receive The Chartist brochure or if you have any questions about the contents of this supplement.

Additional information about Steven Mais is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Educational Background and Business Experience**

Steven Gerard Mais

Year of Birth: 1957

Formal Education after High School:

- University of California, Berkley, Bachelor of Science, Business, 1979

Business Background for the Previous Five Years:

- Chartist, Inc. d/b/a The Chartist, Executive Vice President/Chief Compliance Officer, 03/31/1992 to Present



**Disciplinary Information**

Mr. Mais does not have any reportable disciplinary disclosure.

**Other Business Activities**

Mr. Mais does not receive any additional compensation for providing advisory services beyond the fee based compensation he receives through our firm.

Mr. Mais is not actively engaged in any other business or occupation (investment-related or otherwise) beyond his capacity as Executive Vice President and Chief Compliance Officer of our firm. Moreover, Mr. Mais does not receive any commissions, bonuses or other compensation based on the sale of securities or other investment products.

**Additional Compensation**

Mr. Mais does not receive any additional compensation for providing advisory services beyond the fee based compensation he receives through our firm.

**Supervision**

Daniel Sullivan, President of our firm is responsible for supervising the advisory activities of Mr. Mais. Mr. Sullivan can be reached at 562-596-2385.

In addition, we believe our firm has in place written supervisory procedures that are reasonably designed to detect and prevent violations of the securities laws, rules and regulations.

Christopher Kier Mais  
CRD No. 2449031

Chartist, Inc. d/b/a  
The Chartist  
5122 Katella Avenue, #200  
Los Alamitos, California 90740  
Telephone: 562-596-2385

This brochure supplement provides information about Christopher Mais that supplements The Chartist brochure. You should have received a copy of that brochure. Please contact Steven Mais, Executive Vice President and Chief Compliance Officer at the telephone number above if you did not receive The Chartist brochure or if you have any questions about the contents of this supplement.

Additional information about Christopher Mais is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Educational Background and Business Experience**

Christopher Kier Mais  
Year of Birth: 1961

Formal Education after High School:

- Loyola Marymount, Bachelor of Arts, English, 1984

Business Background for the Previous Five Years:

- Chartist, Inc. d/b/a The Chartist, Vice President, 12/31/1991 to Present

**Disciplinary Information**

Mr. Mais does not have any reportable disciplinary disclosure.

**Other Business Activities**

Mr. Mais does not receive any additional compensation for providing advisory services beyond the fee based compensation he receives through our firm.

Mr. Mais is not actively engaged in any other business or occupation (investment-related or otherwise) beyond his capacity as Vice President of our firm. Moreover, Mr. Mais does not receive any commissions, bonuses or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Mais does not receive any additional compensation for providing advisory services beyond the fee based compensation he receives through our firm.

#### **Supervision**

Daniel Sullivan, President of our firm is responsible for supervising the advisory activities of Mr. Mais. Mr. Sullivan can be reached at 562-596-2385.

In addition, we believe our firm has in place written supervisory procedures that are reasonably designed to detect and prevent violations of the securities laws, rules and regulations.