

## **Item 1. Cover Page**

Sidepocket Incorporated  
Part 2A of Form ADV Brochure

1504 9th Ave San Francisco, CA 94122.  
(470) 588-7335  
[www.sidepocket.com](http://www.sidepocket.com)  
[Daniel@sidepocket.com](mailto:Daniel@sidepocket.com)

Date of Disclosure Brochure: December 22, 2020

This disclosure brochure provides information about the qualifications and business practices of Sidepocket Incorporated. If you have any questions about the contents of this disclosure brochure, please contact Daniel Idzkowski at (470) 588-7335 or [Daniel@sidepocket.com](mailto:Daniel@sidepocket.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Sidepocket Incorporated. is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information by searching for Sidepocket or our firm's CRD number: 312031

Being registered as an Investment Adviser with the SEC does not imply a certain level of skill or training.

## Item 2. Material Changes

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on January 1, so you will receive a summary of any material change to this brochure within one hundred twenty days following the close of the firm's fiscal year. At that time, we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

### Item 3. Table of Contents

<b>Item 2. Material Changes.....</b>	<b>2</b>
<b>Item 3. Table of Contents.....</b>	<b>3</b>
<b>Item 4. Advisory Business .....</b>	<b>4</b>
<b>Item 5. Fees and Compensation Arrangements.....</b>	<b>4</b>
<b>Item 6. Performance-Based Fees and Side-By-Side Management.....</b>	<b>5</b>
<b>Item 7. Types of Clients.....</b>	<b>5</b>
<b>Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss .....</b>	<b>5</b>
<b>Item 9. Disciplinary Information .....</b>	<b>7</b>
<b>Item 10. Other Financial Industry Activities and Affiliations .....</b>	<b>7</b>
<b>Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading .....</b>	<b>7</b>
<b>Item 12. Brokerage Practices.....</b>	<b>8</b>
<b>Item 13. Review of Accounts.....</b>	<b>8</b>
<b>Item 14. Client Referrals and Other Compensation .....</b>	<b>9</b>
<b>Item 15. Custody .....</b>	<b>9</b>
<b>Item 16. Investment Discretion .....</b>	<b>9</b>
<b>Item 17. Voting Client Securities .....</b>	<b>9</b>
<b>Item 18. Financial Information .....</b>	<b>9</b>

#### Item 4. Advisory Business

Sidepocket Incorporated. (“Sidepocket”) is an investment adviser registered with the Securities and Exchange Commission and is a Corporation formed under the laws of the Delaware

- Daniel Idzkowski is the Chief Executive Officer of Sidepocket Incorporated.
- Sidepocket Incorporated. filed its initial application to become registered as an investment adviser in December 2020.

#### Introduction

Sidepocket is a mobile- and web-based investment advice application. Portfolio allocations will be generated based on a proprietary algorithm on information from the client regarding income, debt, and risk. Sidepocket is a robo-adviser and the only way to interact with Sidepocket is via mobile device or via its webportal. Customer support will be provided for technical assistance but no personalized human advice will be provided.

#### Item 5. Fees and Compensation Arrangements

##### A. Fee Schedule

The fees and compensation payable to Sidepocket, and the timing of their payment, are negotiable and vary among our clients based upon the size of the account, investment objective and other business factors. Sidepocket may, in its sole discretion, reduce, waive or calculate differently the advisory fee with respect to any client. However, compensation is generally as follows:

Sidepocket receives management fees from clients ranging from 25 to 100 basis points per year. Such fees are management fees negotiated in advance and are not based on performance. Fees from clients are charged monthly or quarterly, and in arrears or in advance as specified in each agreement.

##### B. Third-Party Fees

The clients shall pay such costs and expenses as Sidepocket shall reasonably determine to be necessary, appropriate, advisable or convenient to realize each client’s investment objective, including but not limited to: (i) management fees; (ii) all general investment expenses; (iii) all operating and administration expenses, including but not limited to, all custodial fees, accounting, brokerage commissions, clearing fees, borrowing charges, interest on margin and other borrowings, and taxes incurred in connection with the client’s account; and (iv) such other expenses as may be set forth in each client’s agreement.

Sidepocket advisory fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the Clients. Such charges, fees and

commissions are exclusive of and in addition to Sidepocket's fee, and Sidepocket shall not receive any portion of these commissions, fees, and costs.

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

Sidepocket does not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. 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. Our fees are calculated as described above, and are not charged on the basis of a share of capital gains, or capital appreciation of, the funds in a client's Account.

#### Item 7. Types of Clients

Sidepocket generally provides investment advice to the following types of clients:

- Individuals; and
- High net worth individuals.

Sidepocket requires a minimum balance of \$500 for brokerage accounts and \$1,000 for individual retirement accounts. We reserve the right to waive or reduce certain fees based on unique individual circumstances, special arrangements or preexisting relationships. We may also decline our services to a prospective client for any non-discriminatory reason.

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

Sidepocket's technology utilizes client questionnaires to determine clients' level of risk tolerance and generates an investment portfolio. Rather than simply combining stocks, bonds, and other assets in a single portfolio, Sidepocket will create client portfolios that combine quantitative (automated) **strategies** that apply tactical asset allocation, and are catered to your unique investor needs.

##### Risk of Loss

**Investing in securities involves risk of loss that Clients should be prepared to bear.**

The following are a summary of the investment and trading risk factors associated with an account:

**General Investment and Trading Risks.** Clients may invest in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. The investment program may utilize such investment techniques as option transactions, margin transactions, short sales, leverage and derivatives trading, the use of which can, in certain circumstances, maximize the adverse impact to which a Client may be subject.

**Exchange Traded Funds.** ETFs are a type of index fund bought and sold on a securities exchange. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile and ETFs have management fees that increase their costs. ETFs are also subject to other risks, including: (i) the risk that their prices may not correlate perfectly with changes in the underlying index; and (ii) the risk of possible trading halts due to market conditions or other reasons that, in the view of the exchange upon which an ETF trades, would make trading in the ETF inadvisable. Sidepocket will consider management fees and the liquidity of ETFs when selecting ETFs for clients.

**Common Stocks and Equity-Related Securities.** Certain ETFs hold common stock. Prices of common stock react to the economic condition of the company that issued the security, industry and market conditions, and other factors and may fluctuate widely. Investments related to the value of stocks may rise and fall based on an issuer's actual and anticipated earnings, changes in management, the potential for takeovers and acquisitions, and other economic factors. Similarly, the value of other equity-related securities, including preferred stock, warrants and options may also vary widely.

**Small- and Mid-Cap Risks.** Certain ETFs hold securities of small and mid-cap issuers. Securities of small and mid-cap issuers may present greater risks than those of large-cap issuers. For example, some small- and mid-cap issuers often have limited product lines, markets, or financial resources. They may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger- cap issuers. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers.

**Currency.** Certain ETFs hold currencies, or assets in instruments denominated in currencies, other than the U.S. dollar; the price of these instruments is determined with reference to currencies other than the U.S. dollar. Client accounts will, however, be valued in U.S. dollars. To the extent unhedged, the value of the ETF holdings will fluctuate with U.S. dollar exchange rates as well as the price changes of investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies will reduce, all other economic factors being constant, the effect of increases and magnify the effect of decreases in the prices of the ETF holdings in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on ETF Holdings that are non-U.S. dollar securities.

**Highly Volatile Markets.** The prices of financial instruments can be highly volatile. Price movements of forward and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. Clients are also subject to the risk of failure of any of the exchanges on which their positions trade or of its clearinghouses. In addition, terrorist attacks, other acts of violence or war, health epidemics or pandemics, natural hazards, and/or force majeure may affect the operations and profitability of securities. Such events also could cause

consumer confidence and spending to decrease or result in increased volatility in the U.S. and worldwide financial markets and economy.

**Emerging Markets.** Certain Funds hold securities of emerging markets issuers. In addition to the risks associated with investments outside of the United States, investments in emerging markets (i.e., the developing countries) may involve additional risks. Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices.

**Cybersecurity.** Intentional cybersecurity breaches include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or disrupt operations, processes, or website access or functionality. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws). A cybersecurity breach could result in the loss or theft of customer data or funds, the inability to access electronic systems ("denial of services"), loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause an investment fund, the advisor, a manager, or other service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with Sidepocket.

#### **Item 9. Disciplinary Information**

*Item 9* is not applicable to this brochure because Sidepocket has no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

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

Sidepocket does not participate in other financial industry activities or have industry affiliations.

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

An investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Sidepocket has established a Code of Ethics to comply with the requirements of the securities laws and regulations that reflects its fiduciary obligations and those of its supervised persons. The Code of

Ethics also requires compliance with federal securities laws. Sidepocket will provide a copy of its Code of Ethics to any client or prospective client upon request.

Certain related persons may hold interests in securities that are ultimately recommended to a client. This could present a conflict of interest if such a person controls or directs a client's investment.

Sidepocket has no access to non-public information and would not trade on such information as a matter of personal ethics.

## Item 12. Brokerage Practices

### A. Factors Used to Select Custodians or Broker/Dealers

The custodian is selected based on the transaction fees relative to other custodians and access to mutual funds and ETFs. Additional factors used to choose the Custodian are the Custodian's support services, reputation, and cost-benefit compared to other custodians. A robust trading platform and fractional share support are other considerations in selecting a custodian.

Sidepocket does not receive any research, products, or services from its broker-dealer or another third-party in connection with client securities transactions ("soft dollar benefits"). Sidepocket receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party. Further, Sidepocket does not allow clients to direct brokerage.

### B. Aggregating (Block) Trading for Multiple Client Accounts

Sidepocket maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing Sidepocket the ability to purchase larger blocks resulting in smaller transaction costs to the client.

## Item 13. Review of Accounts

### A. Frequency and Nature of Periodic Review and Who Makes Those Reviews

Sidepocket's algorithms may automatically review client accounts on a quarterly basis to ensure consistency with the client's strategy and performance objectives. Asset allocation, cash management, market prospects and individual issue prospects are considered.

### B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may take place more frequently if requested by the Client, or if triggered by economic, market, or political conditions.



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

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in *Item 5* of this Disclosure Brochure. Sidepocket receives no other forms of compensation in connection with providing investment advice.

Sidepocket may reward investors. Investors who “refer a friend” will receive a discount to fees. The friends they recruit will receive a similar reward. Sidepocket may offer a “premium” offering for a flat monthly fee that would give clients various benefits.

#### Item 15. Custody

Sidepocket does not act as custodian for client accounts, nor shall Sidepocket have custody or possession of any funds or securities of the clients. All clients’ assets are held at independent qualified custodians such as a broker-dealer, bank or other qualified custodian.

Clients should receive at least quarterly statements (paper or electronic) from the broker-dealer, bank or other qualified custodian that holds and maintains the Client’s investment assets. Sidepocket urges clients to compare all account statements received by the qualified custodian with any statements received by Sidepocket. Client statements from Sidepocket may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### Item 16. Investment Discretion

Clients have the option to participate in specific investment opportunities provided by Sidepocket (“Sidepockets”). Within these Sidepockets, Sidepocket maintains investment discretion with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. Discretionary authority is executed by agreement.

#### Item 17. Voting Client Securities

Sidepocket does not vote proxies on behalf of its clients. Therefore, it is the client’s responsibility to vote all proxies for securities held in their Account. The client will receive proxies directly from the qualified custodian or transfer agent; we will not provide clients with the proxies.

#### Item 18. Financial Information

*Item 18* is not applicable to this Disclosure Brochure. Sidepocket does not require or solicit prepayment of more than \$1500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. Sidepocket is not

subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Sidepocket has not been the subject of a bankruptcy petition at any time.