



## Form ADV Part 2 - Brochure

(Prepared Pursuant to SEC Rule 204 of the Investment Advisers Act of 1940)

### Item 1. Cover Page

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This brochure provides information about the qualifications and business practices of FolioBeyond, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 397-7539 or mail us at [info@foliobeyond.com](mailto:info@foliobeyond.com). 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 FolioBeyond Asset Inc. also is available on the Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Plain English**

For the sake of clarity, this document has been prepared using a minimum of technical legal language and portfolio management jargon.

## **Item 2. Material Changes Made to this Brochure**

The firm has updated its ownership. (Item 4)

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## Item 4. Advisory Business – Investment Adviser; Types of Clients

FolioBeyond, LLC (“FolioBeyond,” the “firm,” “we” or “us”) manages money for individual investors and corporate and non-corporate entities (Turnkey Asset Management Platforms or “TAMPs,” exchange traded funds (“ETFs”), institutional investors, family offices, businesses, not-for-profits, pension plans, etc.). It provides B-to-C investment management services: (1) by providing automated portfolio allocation advice derived from the firm’s proprietary models; and (2) via direct management/investment advisory arrangements for high net-worth individual and institutional clients, which may utilize customized variations of the firm’s standard models. The firm also provides B-to-B investment management services directly to investors, and indirectly by providing access to the firm’s investment algorithms to other investment advisors who then use our portfolio allocation advice to provide investment management services to their clients. FolioBeyond, LLC is owned by Treesdale Partners, LLC, ISPD, INC., James Viceconte, George Lucaci, Robert Harrington and Dean Smith.

The firm maintains a set of model portfolios that invest in a variety of ETFs, each of which provides exposure to specific sectors or market factors we believe have value in the creation of an optimally diversified portfolio. The proportions of the various ETFs in each model portfolio are determined using our proprietary algorithms. The model portfolios are monitored and adjusted as required, based on market movements and other factors. In order to determine which of these model portfolios is most suitable for a given investor, we make an assessment of each investor’s expressed risk tolerance, investment goals and other criteria. This assessment can be adjusted by the investor, from time to time.

The firm also offers a rising rates strategy investing in portfolios of MBS Interest Only Strips and Treasury bonds. This strategy is available in separately managed accounts.

FolioBeyond also serves as a sub-adviser focused on risk management for the Austin Atlantic Asset Management Co. Fund (“AAAMCO Ultrashort Financing Fund” or “USF”). The USF is an ultrashort, open-end fixed income mutual fund that invests primarily in a portfolio of repurchase agreements collateralized by government-related securities. As sub-adviser to USF, Treesdale is also responsible for developing quantitative risk management analytics and risk oversight that will support the timely decision-making of the portfolio management team by providing AAAMCO with the necessary quantitative tools to oversee all the Fund’s investment exposures. These tools provide the ability to monitor portfolio risk by providing timely market price information for the collateral held in the USF’s repurchase agreements, as well as to quantify the market risks of USF. Yung Lim is also on the Credit Committee of USF.

As of June 22, 2021, FolioBeyond had approximately \$32.5 million in assets under management and advisement, and \$462 million in risk focused sub-advisory, as defined in Item 5, below. As assets under management change materially, the firm will amend this document accordingly. Additional information may be found in Part 1 of Form ADV.

## Item 5. Fees & Other Compensation

Generally, the firm charges fees to each investor based on the market value of the investor's portfolio. For most direct individual investors, we charge an annual fee of 0.50% - 0.75% on assets under management (“AUM”) per year. Investors in our ETF also pay a management fee of 0.50% of fund

AUM per year, which is shared between us and the fund sponsor, AdvisorShares. For direct investors who are not individuals, but are instead corporate or non-corporate entities, fees are negotiable, but the firm generally expects to charge between 0.15% and 0.30% per year. For B-to-B investment advisor clients, fees are negotiable and will vary substantially based on the level of investors' assets the investment advisor anticipates managing with our technology. For investors who use our index, which is delivered to investment advisors through the SMArtX and C8 TAMPs, we charge a fee of 0.30% per year shared with our co-branded index partner, S-Network. The TAMPs themselves will add additional fees to the end user of their platforms. The firm will charge fees for its rising rates strategy on a negotiated basis for institutional investors. On the risk advisory work for USF, the firm charges 0.01% for the first \$250 million of assets and 0.02% for balances above \$250 million.

The firm intends to earn fees from other investment advisers (pursuant to service or licensing agreements) which utilize the firm's intellectual property for their own clients/investors, and the first such arrangement is expected to be finalized imminently.

Additionally, FolioBeyond receives compensation from one or more investment managers and index providers for certain portfolio advisory services it performs for their clients. Currently, such compensation equals one-half of the investment management fee received by such other investment managers, but compensation arrangements may differ as FolioBeyond enters into new arrangements with other investment managers in the future. The firm refers to such assets as "assets under advisement" ("AUA").

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

The firm does not charge performance-based fees. There is no side-by-side management of accounts that are charged performance fees, which allows the firm to avoid certain conflicts that are related to such side-by-side arrangements.

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

As indicated above, the firm manages money for individual investors and corporate and non-corporate entities (family offices, businesses, not-for-profits, pension plans, etc.).

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

FolioBeyond believes attractive long-term risk-adjusted returns can be achieved through careful analysis and selection of sector and factor-based ETFs. On other strategies, a blend of overall portfolio allocation analysis is combined with security selection. FolioBeyond utilizes its own research staff and uses proprietary computer systems and algorithms for the allocation and management of client portfolios. As with all investments, there is the potential for substantial loss of principal, especially given an aggressive investment strategy. For certain clients, Investments are selected using both algorithms and traditional top-down and bottom-up considerations concerning valuation and market behaviors, employing tested approaches, such as factor-based strategies. Technical analysis of both individual securities, ETFs and markets may be used. In addition, qualitative and quantitative risk determinations are made, including such considerations as an issuer's management team, investment process, and other qualitative factors.

## **Item 9. Disciplinary Information**

FolioBeyond is registered with the United States Securities and Exchange Commission (the "Commission") as an investment adviser. FolioBeyond has no disciplinary record with the Commission or with any other regulatory authority, domestic or foreign.

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

FolioBeyond's only business is investment advisory/investment management services. It maintains no material business relationships with affiliates in the US or in other countries, with the exception of Treesdale Partners, LLC, who is the substantial owner of the firm and is a registered investment adviser.

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

FolioBeyond has a code of ethics. The general purpose of its code of ethics is to foster high principles of commercial honor and just and equitable principles of trade. The code of ethics covers investment related matters as well as non-investment related matters and establishes procedures for handling ethics related concerns or matters. It also contains provisions for the handling of personal trading by the firm's officers and employees. FolioBeyond has not entered into any soft dollar arrangements. FolioBeyond has not engaged any person to provide it with client referrals, for a fee, but it may do so in the future. FolioBeyond is not a part of any directed brokerage arrangements. FolioBeyond may, acting as principal, participate in a client transaction (See ADV, Part I), but it has not done so to date and there are no plans to do so presently.

## **Item 12. Brokerage Practices**

FolioBeyond has discretion to select broker-dealers to effect client account transactions. In selecting broker-dealers, it will take into consideration the broker-dealers' general ability to execute transactions in a timely manner; their experience with the asset class or types of securities relevant to the transaction; the reasonableness of fees and commissions; and the availability of quality analytical materials, including research. Within the bounds of FolioBeyond's duty to provide "best execution" for its client accounts, FolioBeyond may cause the accounts to pay higher fees or commissions than might be available through other broker-dealers. FolioBeyond will take into account a combination of qualitative and quantitative factors in determining which broker-dealers to use for client account transactions, including commission cost, the availability of research, responsiveness of the broker-dealer, willingness to assume principal risk, and other qualitative factors as discussed above. Research obtained by directing certain transactions to certain broker-dealers will be used for all clients and all clients will therefore benefit from such research, all else being equal. Presently, FolioBeyond has not entered into any soft dollar or directed brokerage arrangements with any broker-dealer, but it may enter into such arrangements in the future. Generally, such arrangements will be consistent with the safe harbor provisions of Section 28(e) of the Securities Exchange Act of 1934, unless arrangements outside of Section 28(e) are required and consistent with the policies and objectives of certain hedge funds or other institutional clients advised/managed by FolioBeyond, consistent with FolioBeyond's fiduciary duties under the various securities laws.

Certain brokers may pay or provide reimbursement for certain investment management related expenses incurred (e.g., investment research, investment data service providers, on-line quotation services, and news and research services). This practice will or may benefit FolioBeyond since the clients will not need to pay for such products and services out of their own resources and since FolioBeyond will not need to provide for those services out of its own resources. This practice may be a factor in such clients' selection of prime brokers.

FolioBeyond's brokerage practices on behalf of its clients may be modified based upon the governing documents of certain clients. It is anticipated that execution of trades will be automatic, based upon FolioBeyond's interface with selected prime brokers/custodians for client accounts. FolioBeyond will monitor execution quality and services regularly.

The principal brokers for individual accounts are Interactive Brokers LLC ("IB") and Charles Schwab & Co., Inc. ("Schwab"), at which their client accounts are custodied. Most of those client trades will be executed through IB or Schwab. FolioBeyond will monitor executions to assure that clients are receiving best execution. You can obtain information about IB at [www.interactivebrokers.com](http://www.interactivebrokers.com) and <https://www.interactivebrokers.com/en/index.php?f=1340>. You can obtain information about Schwab at <http://www.schwab.com/>, and at [https://www.schwab.com/public/schwab/active\\_trader/trading\\_tools/execution\\_quality](https://www.schwab.com/public/schwab/active_trader/trading_tools/execution_quality).

"Best execution" does not refer to price only, but to a range of qualitative and quantitative variables, including readiness to assume principal risk, market making functions, quality of execution, and other factors.

### **Item 13. Reviews of Accounts and Reports to Clients**

Client portfolios are reviewed regularly by FolioBeyond's Investment Committee or similar investment team ("Investment Committee"). The Chief Investment Officers are responsible for such reviews, which may be delegated to other qualified investment personnel. The Investment Committee will monitor financial, operational and risk factors that are or may be relevant to the respective client portfolios. The Investment Committee will meet from time to time to discuss client portfolios, strategies, macroeconomic conditions, brokerage arrangements and other relevant matters. The Investment Committee may meet in the event of unusual or extraordinary macroeconomic, market, or political news that may reasonably be expected to affect client portfolios.

Generally, the firm expects to provide a high degree of total account transparency to clients in real time, in view of the automated nature of FolioBeyond's business.

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

Economic Benefits Provided By Others to the Firm. The firm does not receive economic benefits from other persons for managing client accounts. The firm is paid only the fees indicated above.

Third-Party Marketers and Solicitation Arrangements. The firm does not presently pay third-party marketers for new client introductions.

## Item 15. Custody

FolioBeyond does not maintain custody of client assets. Custody of client assets is the responsibility of qualified custodian banks or broker-dealers. Currently, IB and Schwab serve as custodians for direct individual clients. You can obtain information about IB at [www.interactivebrokers.com](http://www.interactivebrokers.com) and Schwab at [www.schwab.com](http://www.schwab.com).

## Item 16. Investment Discretion

In most cases, FolioBeyond will have full investment discretion over client accounts pursuant to a written investment management agreement, i.e. it will make investment decisions without first consulting clients. This includes the ability to select brokers for the execution of portfolio trades. In some cases, FolioBeyond will not have investment discretion.

To clarify the preceding, FolioBeyond will execute client transactions based upon certain risk and other investment criteria selected by clients and communicated to FolioBeyond. The specific ETFs and securities selected will be determined by FolioBeyond, not the client.

## Item 17. Voting Client Securities

As part of FolioBeyond's management obligations, FolioBeyond may be required to vote proxies on equity securities held in client portfolios, where clients do not agree to vote proxies themselves. In accordance with applicable law, FolioBeyond has prepared procedures to govern how such proxies are voted. Where FolioBeyond will vote proxies, the procedures require that a reasonable decision be made regarding a vote on any matters recommended by issuer management or concerning any issuer shareholder proposals. The procedures require that if FolioBeyond determines not to vote, it must have a reasonable basis for withholding its vote. The policies and procedures address the handling of conflicts of interest that may arise in the voting of proxies. FolioBeyond's vote on any matter regarding any issuer's equity securities will be recorded and kept on file in FolioBeyond's principal office in New York. Clients may request to see how FolioBeyond voted any proxy and obtain an explanation as to why it voted as it did. Requests for an explanation of votes, or for a copy of the policies and procedures, should be sent to the address listed below.

## Item 18. Financial Information

*Not applicable.*

## Item 19. Conflicts of Interest

FolioBeyond may execute principal trades with clients in accordance with the constraints imposed on it under documents that govern client accounts (such as offering memoranda, management agreements, indentures or other documents) and pursuant to the requirements of the Advisers Act. Such trades (if any) will be rare. See above.

At times, FolioBeyond, its affiliates or employees (hereinafter with respect to this section, "Traders")



may purchase or sell for their own accounts the same issue or class of securities that are being purchased or sold for client accounts. Further, Traders may employ investment strategies for client accounts that differ from the investment strategies they employ for their own accounts. In connection therewith, Traders may at times buy the same issue or class of security that is being sold from client accounts or sell the same issue or class of security that is being purchased for client accounts. Such disparities in direction will likely, inter alia, reflect a difference between the Traders' investment objectives, policies, risk tolerances and investment limitations and those of clients. Nevertheless, these activities may create a conflict of interest in respect of client accounts. FolioBeyond intends to mitigate such conflicts of interest by following policies and procedures (such as its code of ethics and compliance policies and procedures) as it has created to determine whether such proprietary purchases and sales by Traders do or may violate FolioBeyond's fiduciary obligations to clients, or in any material manner undermine the clients' interests. FolioBeyond has adopted a code of ethics which requires a high degree of internal transparency with respect to proprietary and personal transactions so that potential conflicts of interest may be addressed. The code of ethics and other policy documentation require employees of FolioBeyond to report to the Chief Compliance Officer (or his or her designee) securities and commodities transactions in which they have a beneficial interest. Our code of ethics also precludes certain types of transaction without prior approval.

FolioBeyond or its affiliates may at times purchase or sell securities, part of which purchases will be allocated to client accounts and part to their own accounts. Where there are such trades, FolioBeyond will generally determine in advance that portion that will be allocated to its own or an affiliate's account and that portion that will be allocated among client accounts. As indicated above, a similar advance determination will be made when purchase or sale will be allocated only among client accounts. This advance determination will usually be recorded in an appropriate trade memorandum or similar record (which may be in electronic form). Sometimes it may not be possible to allocate in accordance with such advance determination because of bona fide client or portfolio considerations. FolioBeyond will record the reason for amending such advance allocation determination in an internal memorandum. Further, at certain times FolioBeyond will only allocate after a substantial amount of time has elapsed since effecting the block order. This may happen from time to time in rapidly moving markets in which FolioBeyond must make a quick decision to buy or sell without time for prior allocation decisions. In such circumstances, allocations will be made in accordance with bona fide client portfolio considerations, including any investment restrictions or limitations. It is FolioBeyond's policy that all allocations will be made in a fair and equitable manner over time in view of each client's or Trader's investment risk tolerances, account or portfolio restrictions, account size, and other relevant factors.

FolioBeyond, a Trader, or an affiliate may hold securities for longer or shorter periods of time than in client accounts for which FolioBeyond is exercising discretion over such accounts. Generally, this will have to do with the differing objectives between FolioBeyond's various client accounts and its or an affiliate's accounts. At times FolioBeyond may purchase for its own account or the account of affiliates securities that it is not also purchasing for client accounts (this is also the case with sales of securities). Generally, this has to do with the differing investment objectives, policies and investment restrictions imposed (explicitly or by agreement, or both) by the various accounts. Further, FolioBeyond may employ investment strategies for client accounts that differ from the investment strategies it employs for its own or affiliates' accounts (and the same is true of such affiliates). Again, this is due, generally, to differing investment objectives, policies, restrictions and strategies.

## Item 20. Financial Information/Condition

FolioBeyond is solvent and is not in a “precarious financial condition” (as that phrased is defined by FolioBeyond’s regulator, the SEC). The firm does not receive fees six months or more in advance of services and would therefore not be liable for the reimbursement of such fees upon termination of an investment advisory or management agreement that called for such advance pre-payment of fees.

## Item 21. Other Information About FolioBeyond: Certain Senior Officers and Investment Professionals

As mentioned, all of our investment personnel have relevant academic degrees in finance, portfolio management or related disciplines. A number of our investment professionals have MBAs from well-known business schools and/or may have or hold the designation “Chartered Financial Analyst” (or “CFA”). FolioBeyond expects to require these or similar qualifications of anyone who joins the portfolio management or research teams. See below for details.

### **YUNG LIM, CHIEF EXECUTIVE OFFICER, CHIEF COMPLIANCE OFFICER, AND CO-CHIEF INVESTMENT OFFICER (B. 1961)**

30+ years of experience in the fixed income markets spanning investment management, risk management, quantitative model development.

Co-founder of Treesdale Partners, LLC

Chairman of Pedestal Inc.

Senior consultant at Andrew Davidson & Co., Inc.

Vice President at Merrill Lynch, Mortgage-Backed Securities Group

Co-author of Collateralized Mortgage Obligations, by Davidson, Ho and Lim

MBA from the University of Chicago;

B.S. in Electrical Engineering from the California Institute of Technology

### **DEAN SMITH, CHIEF STRATEGIST (B. 1959)**

25+ years of experience in all aspect of structured products with roles as an investment banker, trader, and hedge fund portfolio manager.

Founder, Stonehenge Financial Partners LLC

Partner, Highland Financial Holdings LP

Senior positions at Donaldson Lufkin and Jenrette, Inc. and Nomura Securities International Inc.

M.A. and M.Phil. in Economics from Columbia University

B.A in Economics from the University of California San Diego

### **NEERAJ PARASHER, CHIEF OPERATING OFFICER (B.1974)**

20+ years in commodities trading & structured products, energy investments and operations, Hedge Fund operations, and startup financing & operations.

Chief Operating Officer, Treebrook Global Macro

Chief Operating Officer, Magister Ludi Global Macro

MSC Economics, London School of Economics and Political Science

BA International Relations, Lehigh University

**GEORGE LUCACI, GLOBAL HEAD OF DISTRIBUTION (B.1951)**

Over 40 years of experience with Trading, Investment Banking, Marketing, Sales, and Asset Management. Experienced in Capital Raising, Alternative Investments, MBS, CMBS, Foreign Exchange (FX) Options, Asset Management, Fin Tech, Special Situations, Derivatives, and new business ventures.

Served as Partner and Senior Advisor for Mercury Capital Advisors and as Senior Managing Director running Channel Capital, a broker dealer and the sister company of Hedgefund.net, one of Wall Street's first electronic alternative asset distribution platforms. He was also National Fixed Income Product and Sales Manager for Nomura Securities, Director of Merrill Lynch's Mortgage-Backed Securities business, head and founder of Chemical Bank's FX Customer Trading Desk, and head of Proprietary FX Futures Arbitrage Trading at Citibank.

Bachelor of Arts, Duke University

M.B.A. from The George Washington University

**JAMIE VICECONTE, CHIEF MARKETING OFFICER AND CO-CHIEF INVESTMENT OFFICER (B. 1963)**

25+ years of experience in all aspects of Fixed Income and Equity public and private capital markets on both the buy and sell sides of the business.

Portfolio manager in private credit at AB Global, LP, formerly Alliance Bernstein

Portfolio/risk manager at GMG Investment Advisors, LLC/Odisea Asset Management, LLC

Managing Director at Citigroup Inc./Salomon Brothers Inc. in asset-backed and mortgage backed markets

Vice President at JP Morgan Securities, Inc in mortgage-backed trading and sales

MBA from Booth School of Business of the University of Chicago

B.S. in Finance/Economics from Gabelli School of Business at Fordham University

**ROB HARRINGTON, CHIEF TECHNOLOGY OFFICER (B. 1962)**

25+ years of experience in-building and managing advanced systems for trading and portfolio management as well as innovative software and data products.

President of WI8 Consulting

Managing Partner of VS Asset Management LLC

Director of New Business and Product Management for Qwest Communications International, Inc.

Founder and CEO of Instanton; Software patent in high-performance digital delivery

Ph.D in Theoretical Physics from the University of Texas at Austin

B.S. in Mechanical/Nuclear Engineering from the University of Oklahoma

## Form ADV Part 2 - Brochure Supplements

none

### For further information:

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