

# **Build Asset Management, LLC**

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**November 19, 2021**

## **FORM ADV PART 2A BROCHURE**

This Brochure provides information about the qualifications and business practices of Build Asset Management, LLC ("Build"). If you have any questions about the contents of this Brochure, please contact Casey Schulte at (833) 852-8453. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Build is a SEC registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information from which you can determine whether to hire or retain an adviser.

Additional information about Build (CRD#298354) is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Summary of Material Changes

Since the filing of our last annual updating amendment, dated March 5, 2021, we have the following material changes to report:

- The firm is now registered with the SEC and Rita Tholt has replaced John Ruth as the Firm's new Chief Compliance Officer.
- We made certain disclosures under Item 4, Item 7 and Item 8 to inform clients and prospective clients that we also serve as the investment adviser to an exchange traded fund and the risks associated with such an investment.

Pursuant to regulatory requirements, we will deliver to you a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided to you free of charge.

Currently, our Brochure may be requested by contacting Casey Schulte at (833) 852-8453. Additional information about Build Asset Management, LLC is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with the Firm who are registered as investment adviser representatives of the Firm.

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## Item 4 Advisory Business

Build Asset Management, LLC ("Build"), CRD # 298354, is a SEC registered investment adviser and was organized as a limited liability company under the laws of the State of Missouri in June of 2018. John L. Ruth is the President and CEO of the firm and Matthew G. Dines is the Chairman, Chief Financial Officer and Chief Investment Officer of the firm.

Build's principal office is located at 3608 West Truman Blvd., Suite 200, Jefferson City, Missouri 65109. Regular business hours are 8:00 AM through 5:00 PM. The firm can be contacted by phone at (833) 852-8453.

Build provides ongoing discretionary portfolio management services to a registered trust company and the trustee of a collective investment trust ("CIT") for a collection of funds within the CIT ("CIF"). The Trustee of the CIT/CIF entered into an agreement with Build whereby Build will provide its advisory services to the Trustee and the CIT/CIF, and Build's current annual compensation for those services is 65 basis points (0.65%) of the assets within the CIT/CIF under Build's management. When providing portfolio management services, the firm not only makes recommendations related to investments, but also implements these recommendations and provides ongoing monitoring and reporting.

Build manages Employee Retirement Income Security Act of 1974, as amended, ("ERISA") assets in the CIT. The CIT is bank maintained and not registered with the Securities and Exchange Commission. The CIT is not a mutual fund registered under the Investment Company Act of 1940, as amended, ("1940 Act") or other applicable law, and unit holders are not entitled to the protections of the 1940 Act. The regulations applicable to the CIT are different from those applicable to a mutual fund. The CIT's units are not securities registered under the Securities Act of 1933, as amended or applicable securities laws of any state or other jurisdiction.

From time to time, Build will provide to the trustee of the CIT/CIF a list of proposed securities and/or investment types for each CIF within the CIT. The Trustee will review the list and provide Build with a list of approved securities and/or investment types for each CIF. In addition, Build will provide periodic reports to the Trustee regarding the strategies that Build is employing to manage the CIF assets.

### **Sub-Advisory Services to Registered Investment Advisers**

We offer sub-advisory services to unaffiliated third party money managers (the "Primary Investment Adviser"). As part of these services, we will manage assets delegated to our firm by the Primary Investment Adviser. While we are responsible for the overall management of the assets delegated to our firm, we will not communicate investment recommendations or selections directly to the Primary Investment Adviser's individual clients.

### **Investment Adviser to Investment Company**

Build also serves as the investment adviser to Build Bond Innovation ETF ("Fund") and is responsible for the Fund's investment operations subject to the general oversight of the Build Funds Trust Board of Trustees. Build may retain a sub-adviser and delegate responsibility for the day-to-day management of the Fund, such as trading portfolio securities for the Fund, including selecting broker-dealers to execute purchase and sale transactions or in connection with any rebalancing or reconstitution of the Fund, to the sub-adviser. Sub-adviser would be subject to the supervision and oversight of Build.

As of November 16, 2021, Build has \$0 non-discretionary and \$80,313,469 discretionary assets under management.

The firm does not provide a "wrap fee" program.

## **Item 5 Fees and Compensation**

### **Investment Management Services**

Build's fees for management of the assets within the CIT/CIF are negotiable, contract specific and project-based. Currently, our fee for portfolio management services is based on an annual rate of 65 basis points (.65%) of the assets in the CIT/CIF we manage, together with any applicable custodial fee that the custodian may separately charge.

Currently, our fees for portfolio management of the CIT/CIF are deducted by the custodian on a daily basis, at the direction of the Trustee, based on an amortized schedule and set aside for future reimbursement to Build. The Trustee of the CIT/CIF will reimburse Build those collected fees, in arrears, monthly by ACH electronic funds transfer as soon as administratively practical. For any partial billing periods, the fee will be prorated based upon the number of days the account was open.

Build will not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of the client.

Build agrees to pay to the Trustee establishment fees, as well as other fees, costs, and expenses, as defined and set forth in Exhibits B and C to the Advisory Agreement between Build and the Trustee, no later than ten (10) business days following the execution of said Advisory Agreement. Any accounts past due 30 days or more will be charged interest in the amount of 2% per month or the maximum allowed by law, whichever is highest.

In the event that Build proposes a mutual fund(s) or other investment product from which Build would derive a fee, Build agrees to rebate 100% of the fees back to the CIF(s) as applicable. Build acknowledges that any approval of such investment product by the Trustee is contingent upon Build's agreement set forth in the paragraph below.

Build will pay any fees, costs, and expenses as set forth in the Advisory Agreement with the Trustee beginning as of the effective date of the Advisory Agreement irrespective of CIF funding and for the entire term of the contract as outlined in Section 13 of the Advisory Agreement.

Neither the firm nor any associated person receives any compensation for the sale of securities or investment products. All fees paid to Build are separate and unrelated to any fees or expenses assessed by any broker, custodian, or other outside party. Information related to brokerage costs are detailed in Item 12 below.

The initial term of the Advisory Services Agreement ("Agreement") between Build and the Trustee shall be three (3) years from the effective date of the Agreement and shall be automatically renewed for additional one-year terms. The Trustee may terminate the current Agreement upon 30 days' written notice to our firm. The advisory fees set aside from the assets in the CIT/CIF will be reimbursed to Build for services rendered prior to the termination of the Agreement where and if applicable, which means it will incur advisory fees only for the number of days for which the CIT/CIF was a client.

To the extent permitted by applicable law and in addition to any other remedies available to the Trustee under applicable law, the Trustee may, without prior notice to Build, offset any payment obligation owed to it by Build specifically in regards to Section 5 of this Brochure and Exhibit B of the Advisory Agreement between Build and the Trustee, but also in connection with all liabilities arising under this Agreement against any payment obligation owed the Trustee by Build.

Build will deliver a copy of this Brochure to any potential client at least 48 hours prior to entering into an investment advisory agreement with such potential client. However, if the potential client does not receive a copy of this Brochure within the above-stated time period, he/she has a right to terminate the investment advisory agreement without penalty within five (5) business days after entering into the investment advisory agreement with Build.

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

Build does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client), and consequently does not simultaneously manage performance based and non-performance based accounts.

## **Item 7 Types of Clients**

Currently, Build's clients are a Trustee of a CIT/CIF, an investment company and other investment advisers, businesses, foundations or pension/profit sharing plans.

Further, we currently do not have any discretionary authority over any assets or investment decisions made by or on behalf of any retail clients of registered investment adviser ("RIA") firms or ERISA covered plan participants.

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

Build's investment strategies are offered as CIFs, SMA's or ETF's. Each investment strategy differs with regard to its objective, strategy and benchmark. Build develops an investment policy and investment guidelines for each client that are intended to align with the client's risk tolerance, time horizon, liquidity needs and other criteria determined by both the client and Build through a series of meetings. Some of Build's clients are funds. In those instances, the client's objectives generally reflect similar risk characteristics to those of a comparable peer group or benchmarks assigned to said fund.

Each strategy developed by Build seeks to meet or outperform long-term returns of benchmarked investments while providing some level of risk mitigation, with the understanding that all investing in securities involves risk of loss that clients should be prepared to bear.

The Fund, Build Bond Innovation ETF, is an actively managed exchange-traded fund ("ETF"). It seeks to achieve its investment objective through investing in a non-diversified portfolio of a combination of U.S. dollar-denominated, investment-grade bonds of U.S. and non-U.S. issuers and call options linked to the performance of the S&P 500<sup>TM</sup> Index. Under normal market conditions, the Fund invests at least 80% of its assets in bond instruments, directly or by investing in index-based ETFs which invest primarily in bonds and other fixed income securities. The Fund typically invests at least 90% of its assets in fixed-income securities (the "Fixed Income Strategy") and invests the remainder of its assets in call options tied to the performance of the S&P 500<sup>TM</sup> Index, with the goal of limiting downside risk (the "Equity Option Overlay Strategy").

Investing in securities involves risk of loss that clients should be prepared to bear. There are risks associated with the Fund's strategy. A discussion of the principal risks is included in the Fund's prospectus. All potential investors are directed to obtain and read a copy of the prospectus, including the important information about the Fund, its strategy, important definitions and information about the risks contained therein.

## **Item 9 Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the firm or the integrity of its management. Neither Build nor its management persons are currently subject to, nor have they ever been subject to, any legal or disciplinary events of a material nature.

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

Build is not registered and does not have an application pending as a broker-dealer. Neither Build nor any of its management persons are registered or have an application pending as a futures commission merchant, commodity pool operator, commodity trading advisor or associated person of any of the foregoing entities. Build has no other business activities or other financial industry affiliations.

Build currently does not receive compensation related to recommending or selecting other investment advisers for clients.

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

### **Code of Ethics**

Build has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. The Build Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and details practices for reviewing the personal securities transactions of supervised persons with access to client information. The Code also requires compliance with applicable securities laws, addresses insider trading, and details possible disciplinary measures for violations. Build will provide a complete copy of its Code of Ethics to any client upon request to the Chief Compliance Officer.

### **Trading Conflicts of Interest**

Currently, individuals associated with Build are not permitted to buy or sell securities for their personal accounts identical to the fund inside the CIT/CIF, and neither Build nor any related person has a material financial interest in securities recommended to the client. Since a CIF is only allowed in an ERISA-governed plan, the only time an employee of Build could potentially invest in the fund inside of the CIT/CIF would be as part of Build's 401(k) plan, when established. However, no person employed by Build is allowed to favor his or her own interest over that of a client or make personal investment decisions based on the investment decisions of advisory clients.

## **Item 12 Brokerage Practices**

Build does not maintain possession of client assets. Instead, we require all client assets be maintained in an account at a non-affiliated "qualified custodian," generally a broker-dealer or bank, or they may be held directly at a mutual fund company(s). The Trustee of the CIT/CIF currently uses Fidelity as its introducing broker-dealer and as the custodian of client assets. It should be noted, however, that if a different custodian is desired by the Trustee or of the plan administrator of assets within a particular CIF, Build may not be able to achieve identical execution performance when using different broker-dealers or custodians, which could result in increased costs.

When recommending broker-dealers or custodians, Build will consider many different factors including quality of service, services offered, custodial costs, reputation of the firm, financial resources, jurisdiction registration status, stability, and desires or restrictions of the client, among others. In determining the reasonableness of a custodian's compensation, we will consider the overall cost to the client relative to the benefits you receive, both directly and indirectly, from the custodian.

Build does not routinely recommend, request, or require that a client direct Build to execute transactions through a specified broker-dealer. Not all advisers require their clients to direct brokerage. However, if a client desires Build to utilize a broker-dealer other than Fidelity, any relationship between that broker-dealer or its affiliates, and Build, or any other economic relationship between Build and that broker-dealer or its affiliates, the use of that broker-dealer may create a conflict of interest that could be unfavorable to the client. In addition, Build may not be able to achieve most favorable execution of client transactions and those transactions may be more expensive to clients through potentially higher brokerage commissions because Build may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

Neither Build nor any related person receives client referrals from a broker-dealer or third party.

### **Brokerage and Custody Costs**

Build's clients will receive various services directly from the introducing broker-dealer and/or custodian. For clients' accounts that our custodian maintains, the custodian generally does not charge separately for custody services, but instead is compensated by charging commissions or other fees on certain trades that it executes or trades that are executed by other brokers to and from the custodial accounts. Build's relationship to the custodian and its relationship to the client are entirely independent of trade commissions assessed by the custodian in client accounts.

We believe that the recommended broker-dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services recommended broker-dealers provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

The custodian charges a fixed rate commission for all trades executed at other broker-dealers. Build has a fiduciary responsibility to seek best execution, and when economical, Build will execute trades with the custodian. Best execution means seeking the most favorable terms for a transaction based on all relevant factors.

### **Products and Services Available to Us from Brokers/Custodians**

The custodian provides us with access to its institutional brokerage services like trading, custody, reporting, and related services, many of which are not typically available to retail customers. Our custodian also makes available various support services, some of which may help us manage or administer our clients' accounts, while others may help us manage and grow our business.

Our custodian's institutional brokerage services that benefit clients directly include access to a broad range of investment products, execution of securities transactions, and asset custody. The investment products available through our custodian include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.



Our custodian also makes available to us other products and services that benefit us but may not directly benefit a client account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both the custodian's own and that of third parties. We may use this research to service client accounts, including accounts not maintained at the supplying custodian. In addition to investment research, the custodian also makes available software and other technology that provide access to client account data, facilitates trade execution for multiple client accounts, provides pricing and other market data, facilitates payment of our fees from our clients' accounts, and assists with back-office functions, recordkeeping, and client reporting.

Our custodian also offers other services intended to help us manage and further develop our business.

The availability of these services from our custodian benefits us because we do not have to produce or purchase them. Of course, this may give us an incentive to recommend that clients maintain accounts with our custodian based on our interests rather than a client's, which is a potential conflict of interest. We believe, however, that our selection of our custodians is in the best interests of our clients, and is primarily supported by the scope, quality, and price of our custodians' services and not those services that benefit only us.

### **Aggregation of Transactions**

The firm may, from time to time, aggregate client orders into blocks in order to facilitate more efficient account management and execution. When aggregating orders, an average price is given to all participants in the block, or other measures are taken, in order to treat all accounts fairly.

## **Item 13 Review of Accounts**

### **Reviews**

The investment strategies employed by Build typically will require daily management and review by Build as Build buys and sells investments for each strategy/fund in accordance with the various profiles of the strategies utilized. In addition, Build's Investment Committee will review the performance of those strategies to ensure that the strategies are in line with the established profiles and objectives, as well as to guard against style drift. Special reviews may be triggered by market conditions or changes in a client's situation.

In addition, written guidelines and/or risk profiles are to be reviewed no less frequently than annually with the client.

### **Reports**

For the CIT/CIF, asset statements are provided by the custodian, typically on a daily basis.

Performance reviews are provided on a quarterly basis in either electronic or paper form per the client's request. The review reports will generally cover performance, transactions and a commentary germane to the current conditions. This report will be provided on a less frequent basis if requested by the client. At the time of the execution of a trade, trade confirmations are delivered by the custodian either electronically or via mail as directed by the client.

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

Build does not compensate any outside parties for client referrals, nor does Build receive compensation or any economic benefit for client referrals.

## **Item 15 Custody**

As noted in Item 12, Build does not hold client funds or securities, but instead requires that they be held by a third party custodian. Build also has no authority to open an account on behalf of a client or any authority to designate or change a client's address of record or bank account of record with the custodian.

Clients will receive account statements directly from the custodian at least quarterly, which will be sent to the email or postal mailing address of record. We urge careful review of these custodial statements when received and comparison to any reports received from us.

## **Item 16 Investment Discretion**

Build has the authority to determine what securities will be purchased, retained or sold in client accounts. Any discretionary authority accepted, however, is subject to the risk profile and investment objectives established by the client managed by Build, and may be limited by any other directives provided by the client in writing.

Build will not exercise any discretionary authority until it has been given authority to do so in writing. Such authority is granted in written agreements between Build and the client, and in the written agreement with any third party custodian.

## **Item 17 Voting Client Securities**

Generally, clients will receive proxy materials directly from the account custodian. If, at any time, Build determines that it is in the client's best interest for Build to vote proxies for any securities or other instruments in which assets of any CIF may be invested, Build will establish policies and procedures, in accordance with SEC rule 206(4)-6, to notify clients of such policy change and disclose how clients may obtain information from us about how Build voted their securities. Build will also disclose to clients that they may obtain a copy of our proxy voting policies and procedures upon request.

With respect to ETFs, the Fund Board delegates to Build the responsibility to vote proxies related to the securities held in the ETF's portfolio. Under this authority, Build is required by the Board to vote proxies related to portfolio securities in the best interests of the ETF and its shareholders. Build has implemented written Proxy Voting Policies and Procedures (the "Proxy Voting Policy") that are reasonably designed to ensure that Build votes proxies prudently and in the best interest of the ETF and its shareholders. The Proxy Voting Policy is described in the ETF's prospectus.

## **Item 18 Financial Information**

Registered investment advisers are required in some cases to provide certain financial information and or disclosures about their financial condition. For example, if the firm requires prepayment of fees of more than \$1,200 per client for six months or more in advance, has custody of client funds, or has a condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients, it must provide financial information and make disclosures.

Build does not require prepayment of fees of more than \$1,200 for six months or more in advance, does not accept custody of client funds, has not been subject to a bankruptcy, and has no other financial or operating conditions which trigger such additional reporting requirements.

### **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.