



# MOIRAI

## WEALTH MANAGEMENT

*Item 1 — Cover Page*

### FORM ADV PART 2A Brochure\* and FORM ADV PART 2B Brochure Supplement

March 2022

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\*This brochure provides information about the qualifications and business practices of Moirai Wealth Management, LLC (CRD No. 109675). If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer and Founder, Karen M. Schmid, (CRD No. 2488834), at telephone 415-981-1541. The information in this brochure has not been approved or verified by the State of California or by any other federal or state authority.

The oral and written statements of an advisor provide information upon which a prospective client may base a determination as to whether or not to hire the advisor. You are encouraged to review this Brochure and Brochure Supplements for the Firm's associates who advise you for more information on the qualifications of the Firm and its employees.

More information about Moirai Wealth Management, LLC is available at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## ***Item 2 — Material Changes from Prior Form ADV 2A***

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This updated Form ADV Part 2A contains the following changes from the prior version:

Item 4 — Update to disclosures regarding the Firm's Regulatory Assets Under Management.

Item 15 — Update to disclosures regarding custody of client assets.

### ***Item 3 — Table of Contents***

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## ***Item 4 — Advisory Business***

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### **Firm Description**

Organization Status	Registered as a California LLC in 1997
IA Registration Status	Since 2000 Registered with the SEC in 2019 <sup>1</sup> Previously Registered with the State of California from 2012 – 2018 Previously Registered with the SEC from 2000 – 2011
Principal Owner	Karen M. Schmid

### **Assets Under Management as of December 31, 2021**

Discretionary Assets —	\$182,762,887
Non-Discretionary Assets —	\$1,554,787

### **Advisory Services**

#### **Investment Management Services**

Moirai Wealth Management LLC (“Moirai Wealth”, “Advisor” or “the Firm”), a California limited liability company, is an independent investment advisor providing bespoke investment management services to high net worth individuals, families and their related entities, including trusts and private foundations. The Firm’s investment management services may include, among others, financial goal setting, risk assessment, strategic asset allocation, and the selection and management of investments. Moirai Wealth offers investment management services primarily on a discretionary basis.

As a fiduciary, Moirai Wealth Management LLC makes recommendations that are solely in the best interest of our clients. Moirai Wealth partners with our clients to provide investment management services based on each individual client’s financial circumstances, investment goals and risk tolerance. Our advisors consider a diverse range of factors in building investment portfolios, including clients’ time horizon, liquidity needs, special tax issues and legal requirements. Investment portfolios may include, but are not limited to, equity securities, fixed income, mutual funds, exchange traded funds, options, limited partnerships and alternative investments such as hedge funds and private equity. Some clients may be owners or executives

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<sup>1</sup> “Registration” means only that the Firm meets the minimum requirements for registration as an investment advisor and does not imply a certain level of skill or training or that the State of California or any other regulator guarantees the quality of our services or recommends them.

of a company and, as a result of employee benefit perquisites, may own, be granted or may consider purchasing options, warrants, or restricted stock in the shares of their company or similar equity enhancements to their compensation. As part of its services, Moirai Wealth Management may offer advice about such investment decisions, including about the sale or liquidation of such investments.

### Wealth Management Services

Moirai Wealth provides advice and services that do not necessarily comprise “investment-related” services, as they are not specific to securities analysis, recommendation or investing. The Firm’s wealth management services may include a financial review and analysis of some or all of the following areas:

- Tax Planning and Management
- Retirement Services
- Estate Planning
- Charitable Giving
- Multi-generational Wealth Transfer

According to each client’s financial circumstances, the Firm provides wealth management advice and services as a part of our investment management relationship and Moirai Wealth does not charge additional fees for these services.

### General Notices

In performing its services, Moirai Wealth is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is authorized to rely on such information as provided. Clients must promptly notify us of any change in their financial situation or investment objectives that would necessitate a review or revision by our advisors of the client’s portfolio or financial plan.

Clients understand that Moirai Wealth Management primarily uses in-house investment management and financial planning services. As a rule, Moirai Wealth does not employ sub-advisors to implement core investment recommendations. However, Moirai may utilize or recommend the services of other professionals or sub-advisors in specialty areas such as hedge funds, private equity, real estate and options strategies.

In exceptional cases whereby clients receive investment management services on a non-discretionary basis, clients are under no obligation to act upon any of the recommendations made by Moirai Wealth Management. Such clients retain absolute discretion over all such investment implementation decisions and are free to accept or reject any of the Firm’s recommendations.

Moirai Wealth manages portfolios primarily using long-term investment strategies. While clients may freely make additions to and withdrawals from their portfolios at any time, large withdrawals may impact investment returns and, consequently, the ability to achieve clients' investment objectives. Clients are also advised that withdrawing assets or liquidating transferred securities may incur transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge), or may entail tax ramifications. Furthermore, the Firm maintains the right to terminate an account if the amount of assets drops below the account size minimum due to client withdrawals from portfolios.

Clients are advised that Advisor performs investment services and acts as the investment advisor for other clients whose financial circumstances and objectives may be different than those of any one client. Thus, Advisor may give advice and implement management decisions with respect to other clients that may differ from the nature of the advice and management decisions made with respect to the any other client. Advisor is not obligated to purchase or sell for any given client's Account any security that it may purchase or sell for the account of another client. Transactions in a specific security may not be accomplished for all client accounts at the same time or same price.

#### Selection of Sub-advisors<sup>2</sup>

Discretionary clients grant the Firm the authority to select and terminate independent third party investment advisors ("sub-advisors") on the client's behalf to provide discretionary investment management services for all or a portion of the client's assets. Sub-advisors may be selected, in consultation with a client, when the Firm determines it is appropriate to a client's investment goals and financial condition, and in the best interests of the client. When a sub-advisor is used, Moirai remains the primary relationship with the client and is the point of contact for any sub-advisor.

The terms and conditions under which client engages a sub-advisor are set forth in a separate written advisory agreement between the client and the sub-advisor and a copy of the sub-advisor's Form ADV Disclosure Brochure is provided to the client prior to the engagement. Moirai may provide information received from the client to the sub-advisors selected, including the client's financial and personal profile as well as any applicable client questionnaires, investment policy statements, or other similar documents. Sub-advisors are granted investment discretion by the client to exercise discretionary trading authority for the day to day management of the assets placed under management with them.

#### Fiduciary Status Under ERISA

To the extent any client has a retirement plan or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and depending

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<sup>2</sup> Unless otherwise exempted, all sub-advisors are required to be registered with the U.S. Securities and Exchange Commission or by the state in which they are headquartered.

upon the investment management services provided by Moirai Wealth, the Firm may be considered a “fiduciary” under ERISA.

**Advisor Does Not Provide Comprehensive Tax, Accounting or Legal Advice**

In providing wealth management services, Moirai Wealth works closely with clients’ accountants, tax advisors and other professionals to coordinate the flow of financial information and compile reports used in the preparation of clients’ tax returns. Such reports do not represent advice or approval given by tax professionals. While Moirai Wealth considers tax issues when working with clients, neither the Firm nor its advisors are tax professionals. Moirai Wealth advises clients to consult a tax professional in order to determine the tax and accounting consequences of investments in their accounts.

In providing wealth management services, Moirai Wealth works closely with clients’ attorneys and other legal advisors to coordinate the flow of information used in clients’ estate planning and charitable giving strategies. However, neither the Firm nor its advisors are attorneys and therefore do not provide legal advice. Moirai Wealth advises clients to consult a legal professional for the preparation of estate planning and related documents.

**Wrap Fee Programs**

The Firm does not sponsor nor does it provide portfolio management services to wrap fee programs offered by broker-dealers or others.

**Termination of Advisory Relationship**

Clients or the Firm may terminate the relationship upon written notice to the other party in accordance with the notice provisions of the client’s investment management agreement. The Firm does not assess any fees related to termination but will be entitled to all management fees earned up to the date of termination. Any unearned investment management fees owed to the client will be refunded to the client. Any earned investment management fees owed to the Firm will be billed to the client or, where authorized, deducted from the client’s account, on a pro rata basis, based on the amount of time that has expired in the billing period.

If a copy of this Form ADV Part 2A disclosure statement was not delivered to the client at least 48 hours prior to a client entering into a written advisory contract with Moirai Wealth, then the client has the right to terminate the contract without penalty within five (5) business days after entering into the contract. For purposes of this provision, a contract is considered entered into when all parties have signed the contract. If the client terminates the contract on this basis, all fees paid by the client will be refunded. Any transaction costs imposed by the executing broker or custodian for establishing the custodial account or for trades occurring during those five days are non-refundable.

## ***Item 5 — Fees and Compensation***

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Neither Moirai Wealth nor its advisors receive commissions in any form and do not accept or pay referral fees. The Firm does not share in any fees charged by mutual funds, limited partnerships, exchange traded funds, brokerage firms or any other entity issuing securities.

### **Investment Management Fees**

For its investment management clients, Moirai Wealth charges a fee based on a percentage of the market value of the investments held in each client's account. Assets in the account are included in the fee assessment unless specifically identified in writing for exclusion. The annual management fee is prorated and billed quarterly, in advance of services.

The quarterly fee is computed on the last day of the billing period by determining the market value of the account assets as follows: (a) for marketable securities, the current market value provided by the client's custodian will determine value; (b) for securities for which there exists no active market (such as real estate, gas and oil, or other illiquid securities), value will be determined on the basis of information that Moirai Wealth shall in good faith deem relevant to determining the value of the securities, or in the absence of such information, value will be equated with cost; and (c) for cash or equivalents, dollar value will constitute market value.

Moirai Wealth's annual fee is calculated according to the following standard fee schedule, payable on a quarterly basis:

<b>Value of Account Assets</b>	<b>Annual Fee Rate</b>
Incremental fee on assets up to \$3 million	1.00%
Incremental fee on assets of \$3 million up to \$10 million	0.88%
Incremental fee on assets of \$10 million up to \$20 million	0.80%
Incremental fee on assets of \$20 million up to \$30 million	0.72%
Incremental fee on assets over \$30 million	0.56%

Services provided for the above fees include: asset allocation, investment recommendations and selection, portfolio trading, proxy voting, portfolio reviews, and, as required by client circumstances, additional wealth management services related to tax planning and management, retirement services, estate planning, wealth transfer and charitable giving. Moirai Wealth may provide services not covered under the terms of the investment advisory contract. Fees for such services will be determined before starting additional work and mutually agreed upon by the parties.

The client's investment management fee to the Firm is determined in accordance with the above standard fee structure, with exceptions negotiated on a case-by-case basis at the Firm's discretion. Any deviations from the fee structure are based on a number of factors including the nature and length of the client relationship, the services requested, account composition, the amount of work



involved, the amount of assets placed under management and the attention needed to manage the account.

Clients customarily authorize Moirai Wealth to deduct its quarterly investment advisory fee directly from their custodial account. This authorization is granted under the terms of the client's signed investment management agreement and the client's instructions to the custodian. The Firm sends an itemized fee invoice showing the fee calculation to each client at the time it invoices the client's custodian to deduct and transmit its fees. It is the client's responsibility to verify the accuracy of the fee calculation, as the custodian will not determine whether the fee is properly calculated.

At the discretion of the Firm, clients may arrange to pay their fee directly to the Firm. Under this arrangement, payment is due upon client's receipt of the billing invoice.

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. If assets are deposited into or withdrawn from a client's account after the inception of a billing period, and depending upon the timing or size of such withdrawal or deposit, the fee payable with respect to such assets may not necessarily be adjusted or prorated based on the number of days remaining in the billing period.

To the extent that a client authorizes the use of margin, and margin is thereafter employed, clients are advised that the margin balance is not deducted when calculating the quarterly advisory fee. In addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin to purchase securities held in an account managed by Moirai Wealth are advised of the potential conflict of interest whereby the client's decision to employ margin may correspondingly increase the management fee payable to the Firm. Accordingly, the decision as to whether to employ margin is left to the sole discretion of the client.

In certain cases clients may request that Moirai Wealth purchase, maintain, or consolidate preexisting or legacy security positions in accounts maintained with the Firm, that are not consistent with the Firm's investment strategy. In such cases, these assets may be excluded in the calculation of Moirai Wealth's management fees, to be determined on a case by case basis. Assets that are excluded from Moirai Wealth's management fees are non-managed assets for which the client is responsible for determining the suitability of maintaining such a position. The Firm will not sell such securities without specific written instructions from the client.

### **Sub-advisory Fees**

In cases where sub-advisors are employed to provide discretionary investment management services for all or a portion of the client's assets, an additional sub-advisory fee may be charged to the client. Sub-advisory fees will be fully disclosed at the time the sub-advisory agreement is approved and entered into. Sub-advisory fees may differ depending upon the sub-adviser employed and the investment strategy implemented. The sub-advisor's fees will be billed directly

to the client's account by the sub-advisor and will be in addition to Moirai Wealth's investment management fees.

### **General Fee Disclosure**

Moirai Wealth believes our investment management fees are competitive with the fees charged by other investment advisors in the San Francisco Bay Area for comparable services. However, comparable services may be available from other sources for lower fees than those charged by Moirai Wealth.

Moirai Wealth receives no sales commissions on investment products purchased or sold for client accounts.

Moirai Wealth does not provide clients advice as to the tax deductibility of the Firm's advisory fees. Clients are directed to consult a tax professional to determine the potential tax deductibility of the payment of advisory fees.

### **Fees Charged by Financial Institutions**

Clients may incur certain charges imposed by their custodians and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients will incur charges by the executing broker-dealer in the form of brokerage commissions and transaction fees on the investment transactions entered into for their account(s). All of these charges, fees and commissions are in addition to Moirai Wealth's investment management fee.

### **Fund Disclosures**

Investment vehicles such as mutual funds, closed-end funds, exchange traded funds and alternative investment funds offer a wide range of objectives and strategies; the types of securities held by such funds vary widely depending upon the specific objectives and strategies of the vehicle. These investment vehicles incur brokerage and other expenses and their sponsors typically compensate themselves through fees charged directly to the fund. Clients indirectly pay for the expenses and advisory fees charged by the funds in which their assets are invested in addition to the advisory fee charged by Moirai Wealth.

All such funds incur operating expenses in connection with the management of the fund. Investment funds pass some or all of these expenses through to their shareholders (the individual investors in the funds) in the form of management fees. The management fees charged vary from fund to fund. In addition, funds charge shareholders (individual investors in the funds) other types of fees such as early redemption or transaction fees. These charges also vary widely among funds. As a result, clients will still pay management fees and other "indirect" fees and expenses as charged by each mutual fund (or other fund) in which they are invested.

Clients are provided a copy of a fund prospectus for each fund in which they invest by their custodian or by the fund sponsor. Moirai Wealth does not provide a fund prospectus. As required by law, a prospectus represents the fund's complete disclosure of its management and fee structure. In addition, a fund's prospectus can be obtained directly from the fund.

### **Bond Disclosure**

Clients whose assets are invested in bonds purchased directly from an underwriter or on the secondary market may pay a sales credit or sales concession on the trade (in lieu of a sales commission). A client's custodian may also impose a fee on the transaction.

## ***Item 6 — Performance-Based Fees***

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Moirai Wealth does not charge an additional performance fee. Moirai Wealth does not manage any client accounts where a performance fee is charged.

## ***Item 7 — Types of Clients***

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Moirai Wealth's clients include high net worth individuals, families and their related entities, trusts and private foundations. There is a \$1,000,000 minimum value of assets for establishing a client relationship; multiple accounts for the same client may be aggregated to meet this minimum. This minimum may be waived in certain circumstances at Moirai Wealth's discretion.

As a result of the minimum account requirement, Moirai Wealth's services may not be appropriate for everyone. Particularly for smaller accounts, other investment advisors may provide similar services for lower compensation, although still others may charge more for similar services.

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

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### **Methods of Analysis**

Moirai Wealth primarily uses fundamental security analysis to evaluate investment holdings. The Firm's analysis focuses on real data, including overall economic and company-specific information available to determine the value of a particular investment. Moirai Wealth also uses technical analysis, such as market activity in the form of past prices, trading volumes, etc., as part of the Firm's comprehensive investment process. In performing these analyses, the Firm consults third-party research materials, company annual reports and other regulatory filings, and financial newspapers and periodicals. In addition, advisors attend analyst meetings and investment conferences sponsored by the CFA Institute, brokerage firms, companies and other third parties.

### **Investment Strategy**

Moirai Wealth provides advice about all types of investments held in clients' portfolios. The Firm's portfolio recommendations emphasize broad diversification by investing across global markets and various asset classes. Moirai Wealth is not limited to any specific platform, product or service offered by any broker-dealer, mutual fund company or insurance provider. Moirai Wealth's core investment strategy focuses primarily on investing in individual securities, mutual funds, exchange-traded funds, limited partnerships, alternative and direct investments.

Every client has unique personal and family circumstances, investment objectives, investment time horizons and willingness to assume risk. At Moirai Wealth, all client portfolios are managed as separate accounts. As a result, each client portfolio can be designed and managed to meet the individual needs of each client. When appropriate and based on each client's needs, Moirai Wealth invests in a mix of equity securities, fixed income, mutual funds, exchange traded funds, options, real estate, alternative and direct investments. In general, Moirai Wealth is a low turnover, highly tax sensitive advisor. To that end, long-term purchases (securities held more than 1 year) form core portfolio holdings, with short-term purchases (securities held less than 1 year) and trading (securities sold within 30 days) utilized when appropriate. The overarching goal is to preserve capital, maximize long-term returns and minimize risk.

### **Alternative and Direct Investments**

When appropriate and consistent with a client's overall financial condition, investment strategy, needs, objectives, risk tolerance and investment sophistication, Moirai Wealth also provides investment advice regarding investments that may include, but are not limited to, venture capital, limited partnerships, private equity, hedge funds and direct investments.

### **Initial Public Offerings ("IPOs")**

While not a substantial part of its investment strategy, Moirai Wealth does from time to time invest in initial public offerings ("IPO") on behalf of client accounts for which such investments are suitable. IPOs are only offered by specific custodians for specific client accounts. Moirai Wealth is not granted a block of IPO stock to allocate across all client accounts. Some client accounts do not participate in IPOs at all or do not participate in certain volatile IPOs, either due to availability, client instructions, risk tolerance, financial condition or investment objectives.

### **Investment Risks**

All security investments carry risk, including the risk that an investor may lose a part or all of his or her initial investment. Risk refers to the inherent uncertainty on investment return; that is, the actual return the investor realizes could differ from the expected return. Risks may be systematic, referring to factors that affect the returns on all comparable investments and that affect the market as a whole. Systematic risks include market risk, interest rate risk, reinvestment rate risk, purchasing power risk and exchange rate risk. Unsystematic risks depend on factors that are unique to a specific company or investment. These risks include business risk and financial risk.

Here are some of the general risks associated with parts of Moirai Wealth's investment strategy:

**Market Risk.** Securities traded on securities exchanges are subject to demand and supply conditions, as well as other external factors independent of a security's particular underlying circumstances, such as political, social and economic conditions. Investors could receive less than the original investment amount when they sell a security. Prices generally reflect investors' confidence in the economy, interest rates, and many other factors. Investors must be able to tolerate such price movements and the possibility of loss.

**Inflation.** Inflation is the loss of purchasing power that results from a general rise in prices. Portfolios may respond either positively or negatively to inflation, but the likelihood is that investors will experience a change in purchasing power that is less advantageous than suggested by nominal measures of return. For example, with inflation, a portfolio designed to distribute a 4% return as current income will experience a decline in purchasing power unless the portfolio strategy is adjusted to take inflation into account.

**Price Fluctuation.** Security prices do fluctuate (except for cash or cash equivalents) and clients must either accept the risk associated with the fluctuations or should invest in securities that are in alignment with their risk tolerance.

**Interest Rate Risk.** Security price and total return will vary in response to changes in interest rates. For example, when interest rates rise, prices of interest rate-sensitive investments (e.g. bonds, preferred stock, etc.) may decline. Securities with longer maturities tend to produce higher yields, but are more sensitive to changes in interest rates and are subject to greater fluctuations in value.

**Currency Fluctuation.** International investments are subject to fluctuations in the value of the client's home currency versus the investment's originating country. This is also referred to as exchange rate or foreign currency risk.

**Reinvestment Risk.** Interest rates and market prices fluctuate over time. Clients must accept the risk that reinvesting earnings — interest and dividends — and proceeds from sales may result in a lower or a higher rate of return than was initially projected.

**Sector Risks.** Moirai Wealth Management is an active investment manager. As part of the Firm's investment strategy, Moirai Wealth may overweight or underweight market sectors at any time in client portfolios based on market forecasts. As a result of sector weightings, clients understand that their investment returns may differ from index returns; therefore any negative or positive development affecting over-weighted sectors will have a greater impact on the client's investments.

**Income Risk.** Dividends are paid at the will of the issuing company. Clients understand that operating losses or other negative developments may affect a company's ability to continue paying dividends.

**Liquidity Risk.** Liquidity is the ability to readily convert an investment into cash. Factors such as market size, number of shares outstanding and market regulations can affect an investment's liquidity, possibly preventing clients from selling such securities at an advantageous time or price.

**Financial Risk.** Excessive borrowing to finance a business' operations increases the risk of lower profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet debt obligations may result in bankruptcy and/or a declining market value for the securities issued by such companies.

**Mid-Cap and Small-Cap Company Risk.** Stocks of mid-cap and small-cap companies can be less liquid than the stocks of larger companies. Securities of mid-cap and small-cap companies may trade less frequently and in more limited volume than those of more mature companies. Mid-cap and small-cap companies also may lack the managerial, financial, or other resources necessary to implement their business plans or succeed in the face of competition or economic turmoil.

**International Developed and Emerging Markets Risk.** International investing involves risks not typically associated with domestic markets. These risks include, among others, fluctuations in currency values as well as potentially adverse political, social, and economic developments. In addition, there may be less publicly available information and more volatile or less-liquid securities markets. Accounting standards and practices vary by country, and regulations may be inadequate or irregular. International markets may have different clearance and settlement procedures. Investors in international markets are also subject to foreign tax laws, and varying social and legal systems could lead to potential difficulties in enforcing contractual obligations. Lastly, countries may impose restrictions on capital flows, limiting investors' ability to repatriate funds.

**Net Asset Value and Market Price Risk.** The market value of ETF and closed-end mutual fund shares may differ from their net asset value. This difference in price may be due to the fact that the supply and demand in the market for the ETF shares at any point in time is not always equal to the supply and demand in the market for the underlying basket of securities. As a result, there may be times when an ETF or closed-end mutual fund share trades at a premium or discount to its net asset value.

**Index Tracking Risk.** The performance of Index ETF and Index Funds may not replicate the performance of the indices they track because the ETFs and Funds incur transaction costs and expenses not incurred by their applicable indices. In addition, certain securities comprising the indices tracked by the ETFs and Funds may, from time to time, temporarily be unavailable, which may further impede their ability to track the applicable indices.

**Short-term purchases.** On occasion, the Firm may buy or sell securities in a client's account and hold them for less than a year. Some of the risks associated with short-term trading that could affect investment performance include increased commissions and transaction costs and higher tax rates on realized gains in the account.

**Mutual Funds with Foreign Asset Holdings.** Investments in mutual funds that make foreign investments may be exposed to foreign currency risk. Investment returns may be substantially higher or lower than projected due to currency fluctuations.

**Short Sale Trading.** Short Sale Trading, or "shorting" can involve a great amount of risk and is generally not advocated by the Firm. However, with client pre-approval, short selling may on occasion be part of an investment strategy to achieve specific client goals.

**Margin Trading.** In some cases, clients may margin securities held in their investment account as a form of short term financing. Clients risk that in a falling market, the assets pledged as collateral in exchange for the margin loan will be insufficient to cover a margin call by their custodian. Consequently, all margin decisions are left to the client.

**REITS.** Publicly Traded Real Estate Investment Trusts ("REITs") are companies that own and operate income-producing real estate or related assets. Because REITS are traded publicly on national securities exchanges, they are subject to the same general risks as those of stock trading such as market risk and income risk. In addition, investments in REITS may involve: Concentration risk - the value of a REIT is derived from one or only a few properties; Liquidity risk - a REIT may be relatively less liquid compared to other securities such as stocks and bonds; Leverage risk - if a REIT uses debt to finance the acquisition of underlying properties; and Refinancing risk - higher refinancing cost or stricter underwriting standards when loans are due for renewal.

**Credit Risk.** A bond issuer's credit rating may change, which can cause price volatility, and in the case of a credit rating downgrade, lower prices.

**Default Risk.** The possibility that a bond issuer will be unable to make interest or principal payments when they are due. If these payments are not made according to the agreements in the bond documentation, the issuer can default.

**Call Risk.** Some corporate, municipal and agency bonds have a "call provision" entitling their issuers to redeem the bonds at a specified price on a date prior to maturity. In a declining interest rate environment, issuers may accelerate the redemption of callable bonds, causing an investor's principal to be returned sooner than expected, requiring investors to reinvest the principal at lower interest rates. (See also Reinvestment risk)

**Prepayment Risk.** In a declining interest rate environment, mortgage holders may repay or refinance their loans sooner than expected. This results in an early return of principal to mortgage

bondholders, requiring investors to reinvest the principal at lower interest rates. (See also Reinvestment risk)

**U.S. Government Risk.** The U.S. government guarantees the return of principal and the timely payment of interest on U.S. government debt securities. However, securities issued by private companies under a congressional charter (e.g. Freddie Mac, Fannie Mae and Federal Home Loan Banks) are neither issued by nor obligations of the U.S. government. Therefore, the return of principal and the payment of interest are not guaranteed on debt issued by these companies. If a private company operating under a congressional charter defaults on its debt and the U.S. government does not stand behind the obligation, the share price could fall.

**Legislative Risk.** The risk that a change in the tax code could affect the value of the taxable or tax-exempt interest income.

**Alternative Assets.** Many alternative investments (e.g. hedge funds and private equity) are illiquid, having “lock-up” periods or only set intervals in which client redemptions may be made. Consequently, these restrictions and the investment’s potential lack of marketability may affect a client's ability to exit such investments at an advantageous time or price and may result in loss. In addition, current market values may be unavailable for investments owned by hedge funds and private equity firms. For billing purposes in such cases, Moirai Wealth will value alternative investments at cost or on the basis of audited financial statements provided by the hedge fund and private equity firms.

**IPOs.** Generally, IPOs are investments in companies with limited operational and earnings histories. Shares purchased through an IPO are thus highly subject to market sentiment. Share prices can fluctuate wildly and thus carry increased risks of investment loss.

**Options Strategy.** An option strategy may include covered options, naked options, spread strategies and risk reducing hedging strategies. An option is a contract that gives the investor the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date. Option securities are complex derivatives of equity securities that incorporate certain leverage characteristics and as such carry an increased risk of investment loss. Options are very time sensitive investments and the buyer or of an option could lose his or her entire investment even with a correct prediction about the direction and magnitude of a particular price change if the price change does not occur before the option expires. Clients choosing to follow an options strategy will be provided a more detailed risk disclosure at the time the strategy is selected.

## ***Item 9 — Disciplinary Information***

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Moirai Wealth Management LLC has been registered and providing investment advisory services since 2000 under the name of Moirai Capital Management LLC and beginning in 2015 under the name of Moirai Wealth Management LLC. Moirai Wealth has no disciplinary history and consequently is not subject to any disciplinary disclosures.



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

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Moirai Wealth is an independent investment advisor, unaffiliated with any other financial institution or securities dealer or issuer. Typically, clients custody their assets with various SEC registered broker-dealers. Although Moirai Wealth recommends that clients custody their investment accounts at such third party custodians, Moirai Wealth has no affiliation with these custodians, does not supervise their brokerage and custodial activities and is not subject to their supervision.

Moirai Wealth is not registered and does not intend to apply for registration as a broker-dealer, a commodities or commodities futures merchant, pool operator or trading advisor. No Firm principal or employee is registered or intends to register as an associated person of a broker-dealer, a commodities or commodities futures merchant, pool operator or trading advisor.

Neither the Firm nor any related person receives compensation directly or indirectly from any other investment advisor or other investment product providers to which it recommends its clients or selects for its clients.

Although Moirai Wealth may refer clients to other professionals such as attorneys for estate planning or other matters, neither the Firm nor its principals or employees are affiliated with any law firm.

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

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Moirai Wealth, its employees and their immediate families (sometimes collectively “employees”) are permitted to buy and sell securities for their personal investment accounts. The Firm has adopted employee personal trading policies and procedures and a code of ethics to govern proprietary (on behalf of the Firm itself) and employee trading practices. Employees with access to the Firm’s investment decision-making and trading activities are required to report all personal securities transactions to the Firm’s Chief Compliance Officer on a regular basis. All personnel are required to abide by the Firm’s personal trading practices and code of ethics which governs employee trading practices and specifically prohibits employee trading on the basis of inside information and trading ahead of customer orders (front-running). In addition, CFA® charter holders are also required to abide by the CFA Code of Ethics and Standards of Professional Conduct. Moirai Wealth’s employee personal trading policies and code of ethics are made available to clients and prospective clients upon request.

Employees may trade in the same securities traded for clients. However, it is Firm policy not to give preference to orders for personnel associated with the Firm regarding such trading. Employees may personally invest in the same securities that are purchased for client trading accounts and may own securities that are subsequently purchased for client accounts. From time to time, trading by employees in particular securities may be restricted in recognition of impending investment decisions

on behalf of clients. If a security is purchased or sold for client accounts and employees on the same day, transactions for client accounts will be completed prior to executing any trades for employees. Given that market prices vary over the course of a day, employee security transactions might be executed at more favorable prices than were obtained for clients. Similarly, if a security is purchased or sold on different days, it is possible that employees' personal transactions might be executed at more favorable prices than were obtained for clients.

Employees may buy or sell different investments, based on personal financial considerations that the Firm may not deem appropriate to buy or sell for clients. It is also possible that employees may take investment positions for their own accounts that are contrary to those taken on behalf of clients. Employees may also buy or sell a specific security for their personal account based on personal investment considerations aside from company or industry fundamentals, which are not deemed appropriate to buy or sell for clients. If these securities subsequently appreciate, these personal transactions could be viewed as a conflict of interest.

Conversely, employees may liquidate a security position that is held both for their own account and for the accounts of Firm clients, sometimes in advance of clients. This occurs when personal financial considerations (i.e., liquidity needs, tax-planning, asset allocation weightings) deem a sale necessary for individual reasons. If the security subsequently falls in price, these personal transactions could be viewed as a conflict of interest.

Neither Moirai Wealth nor its employees recommends to clients or buys or sells for client accounts any securities in which the Firm or any related person has any material financial interest.

## ***Item 12 — Brokerage Practices***

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### **Recommendation of Client Custodians**

All clients must establish investment accounts with a qualified custodian, typically a broker-dealer, bank or trust company.

Moirai Wealth is not affiliated with any broker-dealer, bank or trust company, and clients may choose to hold their assets with the Custodian of their choice. However, if the client has no custodian preference, Moirai Wealth may recommend that clients establish brokerage accounts with Charles Schwab & Co., Inc. ("Schwab") to maintain custody of clients' assets and to effect trades for their accounts. Charles Schwab & Co., Inc. is a registered broker-dealer and member SIPC (Securities Investors Protection Corporation). Schwab is independently owned and operated and not affiliated with Moirai Wealth. Schwab does not supervise or otherwise monitor Moirai Wealth's investment management services to its clients.

Custodians such as Schwab provide Moirai Wealth with access to their institutional trading and custody services, which typically are not available to retail investors. Custodians may also make available to Moirai Wealth other products and services that benefit Moirai Wealth but that may not benefit its clients. Some of these products and services assist Moirai Wealth in managing and

administering client accounts, and generally may be used to service all or a substantial number of Moirai Wealth's accounts including those not maintained at the Custodian.

Custodians such as Schwab may also make available to Moirai Wealth other services intended to help Moirai Wealth manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing.

In particular, by using Schwab as a custodian, Moirai Wealth has access to the following products and services through Schwab Advisory Services:

- Full range of investment products and trading services
- Technology and service support
- Wide array of investment account types including retirement accounts, charitable giving, and education accounts
- Full range of investment options such as stocks, mutual funds, bonds, exchange traded funds, CDs and other investments
- Separately managed account services
- Technology and service support so investors can access all their accounts online and view positions, balances and account histories in one place.

Moirai Wealth's recommendation that clients maintain their assets in accounts at custodians such as Schwab may be based in part on the benefit to Moirai Wealth of the availability and some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by a particular Custodian, which may create a potential conflict of interest.

### **Selection of Executing Broker-Dealers and Our Duty of Best Execution**

In most cases, trade executions for client accounts will be placed with the client's custodial broker-dealer to avoid "trade away" charges otherwise imposed for trades executed at other broker-dealers. In cases where a desired security is not available for purchase or sale through the custodial broker, and in light of our best execution evaluation, certain executions may be made at a different broker-dealer.

Moirai Wealth uses its reasonable best efforts to obtain the most favorable execution for each security transaction executed on behalf of client accounts. In selecting broker-dealers, principal factors include expected price, consideration of the effect of brokerage commissions, if any, and other transaction costs. The selection also takes account of other factors, including the execution, clearance and settlement capabilities of the broker-dealer, the broker-dealer's willingness to commit capital, the broker-dealer's reliability and financial stability, the size of the particular transaction and its complexity in terms of execution and settlement, the market for the security, the value of any research and other brokerage services provided by the broker-dealer, and the cost incurred by placing prime brokerage trades in client accounts.

Based upon an evaluation of some or all of these factors, Moirai Wealth may execute client trades through broker-dealers that charge higher fees than the lowest available fees. Moirai Wealth may select broker-dealers whose fees may be greater than those charged for similar investments if Moirai Wealth determines that brokerage services and research materials provided by that broker-dealer warrant the payment of higher fees.

Moirai Wealth reviews transaction results periodically to determine the quality of execution provided by the various broker-dealers through whom Moirai Wealth executes transactions on behalf of clients.

### **Directed Brokerage**

Where clients direct Moirai Wealth to place all orders for securities transactions with a specific broker-dealer (directed brokerage), Moirai Wealth is not obligated to, and will generally not solicit competitive bids for each transaction or seek the lowest commission rates for the client. As such, the client may pay higher commission costs, higher security prices and higher transaction costs than the client otherwise would have paid had she or he not directed Moirai Wealth to trade through a specific broker. In addition, the client may be unable to obtain the most favorable price on transactions executed by Moirai Wealth as a result of Moirai Wealth's inability to aggregate/bunch the trades from this account with other client trades.

Furthermore, directed brokerage may mean that the client is not able to participate in the allocation of a security of limited availability (such as an IPO) for various reasons, including the possibility that those new issue shares are provided by another broker or dealer. As a result of the special instruction, Moirai Wealth may not execute client securities transactions with brokers that have been directed by clients until non-directed brokerage orders are completed.

Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker-dealers at lower costs and possibly with more favorable execution. Accordingly, for similarly managed accounts it is possible that clients directing brokerage may not generate returns equal to the returns of other clients who do not direct brokerage.

### **Soft Dollar Arrangements and Potential Conflicts**

Moirai Wealth is not a party to formal agreements whereby, in exchange for directing commissionable trades to a broker-dealer, it receives research or brokerage services (known as "soft dollar" services and research) from that broker or allows the broker to pay for such research or services on its behalf. Soft dollar research and services may include, among others: economic and market information, portfolio strategy advice, proxy voting services, industry and company comments, technical data, recommendations, research conferences, general reports, periodical subscription fees, consultations, performance measurement data, on-line pricing, news wire charges, quotation services, computer hardware and software and practice management advice.

Although Moirai Wealth does not formally participate in soft dollar arrangements, it may receive certain brokerage services and research from broker-dealers by virtue of its clients placing custody

of their investment accounts with that broker-dealer. Equally, the Firm may, on occasion, be the recipient of unsolicited discounts on research, software, conferences, practice management advice and other services. The discounts are generally offered to all firms who fit a common profile and Moirai Wealth is not offered such discounts because of a particular event or request. Such discounts are accepted with the intent to benefit all clients and the value of these discounts is not considered in the process of selecting securities to purchase for client accounts. Moirai Wealth routinely reviews the amount and nature of the research products and services provided by brokers.

### **Aggregation of Trades and Potential Conflicts**

Moirai Wealth may aggregate client orders into a single trade if aggregation appears to be in the best interests of all the clients involved. Trade aggregation may result in a more favorable transaction price than would result with separate execution of each client order. The Firm does not aggregate securities transactions for client accounts unless it believes that aggregation is consistent with its duty to seek best execution and is consistent with the investment objectives and guidelines for the client accounts participating in the trade.

Moirai Wealth believes that combining trade orders should be advantageous to all clients over the long term. However, it is possible that the average price obtained through aggregation could be less advantageous for a client than if the transaction had been executed separately and/or had been executed before the other parties to the aggregated trade. The Firm tries to be conscious of this possibility before deciding to aggregate.

When orders are aggregated, the price paid by each account is the average price of the order. Transaction costs are allocated to each client by the client's custodian, according to the client's custodial agreement. It is the Firm's policy that trades are not allocated in any manner that, over time, would favor one group of clients over another. Client transactions may be aggregated according to custodial relationship in consideration of "trade away" charges that may be imposed if trades are directed to a non-custodial broker-dealer for execution. Aggregated trades placed with different executing brokers may be priced differently.

Generally, Moirai Wealth and/or its employees may not participate in such aggregated orders. According to Moirai Wealth's Code of Ethics, employees may not execute potential transactions in that security on the same day as clients until after the clients' transactions have been executed.

### **Allocation of Opportunities and Potential Conflicts**

Because Moirai Wealth manages more than one client account, there may be a conflict of interest related to the allocation of investment opportunities among all accounts managed by the Firm. Moirai Wealth attempts to resolve all such conflicts to the greatest extent practicable by allocating investment opportunities over a period of time on a fair and equitable basis relative to all clients. Moirai Wealth may give advice and take action with respect to any of its clients that may differ from advice given or the timing or nature of action taken with respect to any other client based upon individual client circumstances. The Firm is not obligated to acquire for any client account

any security that the Firm or its owners, officers, employees or affiliated persons may acquire for their own accounts or for the account of any other client, if in the discretion of the portfolio managers, based upon the client's financial condition and investment objectives and guidelines, it is not practical or desirable to acquire a position in such security for that account.

### **Use of Third Party Trade Data Management Services**

The Firm is aided in its ongoing client account monitoring and management services by the use of third party portfolio and trade data management software and services provided by broker-dealers and other industry providers such as Black Diamond Wealth Platform and eMoney Advisor. Such third party services provide linked access to client custodial accounts and trade activity and provide "cloud" storage of such data on their secure, internal computer servers on behalf of the Firm. Moirai Wealth only shares non-public client information with non-affiliated third parties when the Firm believes it necessary for the provision of services to clients or in order to maintain clients' accounts.

## ***Item 13 — Review of Accounts***

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All accounts under management are monitored on a continuous basis by Karen M. Schmid CFA, the Firm's managing member and portfolio manager. Account holdings and asset allocations are reviewed at least annually. Reviews determine consistency with the Firm's investment strategy and with client investment objectives. Ms. Schmid reviews asset allocation and investment holdings. Quarterly reports include economic and market outlooks, account statements, portfolio performance including market benchmark performance, and detailed transaction data executed during the reporting period. Additional information is provided specific to the client's particular investment picture. Portfolio adjustments may be required due to changes in client financial condition, client investment guideline changes, client deposits and withdrawals and client liquidity needs. Additionally, client accounts are reviewed in response to changes in the financial markets and/or changes in the Firm's investment strategy.

The Firm sends client account reviews to clients typically on a quarterly basis, but no less than annually. For non-discretionary accounts, proposed changes are provided in the report and are reviewed with the client prior to implementation.

In addition, brokerage account statements are sent directly from the custodian to the client on at least a quarterly basis. Brokerage account statements list all investment positions and detail investment transactions executed during the reporting period. Clients are advised to review these statements routinely and to compare them to the client account reports prepared by the Firm. The custodian also sends, where appropriate, Form 1099s and other tax-related documents directly to the client on an annual basis.

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

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Moirai Wealth does not pay referral fees to third party firms or individuals for recommending the Firm to prospective clients. Moirai Wealth does not direct brokerage transactions to any broker-dealer in exchange for receiving client referrals and does not accept referral fees from any party to whom the Firm refers potential clients.

Moirai Wealth employees are not paid “sales awards” or other prizes for referring clients to the Firm.

## ***Item 15 — Custody***

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Moirai Wealth does not maintain physical custody of client funds or securities. Clients are required to set up their investment accounts with a “qualified custodian,” namely a broker dealer, bank or trust company. Moirai Wealth is unable to take even temporary possession of client assets for the purpose of transferring them to the client’s account. Each client has a direct relationship with his or her custodian. The Firm is given the authority to receive payment of its management fees directly from clients’ accounts, but typically is not authorized to make any other withdrawals or to transfer money out of the account to a third party. Moirai is deemed to have custody of a single client trust account for which our Principal, Karen Schmid acts as a co-trustee. This account is subject to an annual examination by an independent auditor.

### **Disclosures Related to Custodians**

All client custodians are independently owned and operated and not affiliated with Moirai Wealth Management. No client custodian supervises or otherwise monitors Moirai Wealth’s investment management services to its clients, and client custodians do not verify the calculation of Moirai Wealth’s advisory fees charged to client accounts. Moirai Wealth in turn does not supervise or otherwise monitor the brokerage and custodial services of these third party custodians.

## ***Item 16 — Investment Discretion***

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Most clients appoint Moirai Wealth as their investment advisor and grant full trading and investment authority over their assets at the time they establish their investment accounts. Subject to the Firm’s investment strategy and the client’s investment objectives, Moirai Wealth’s portfolio managers are given full discretion to determine:

- Types of investments;
- Which securities to buy;
- Which securities to sell;
- The timing of any buys or sells; and
- The amount of securities to buy or sell.

This discretion may be limited by client investment guidelines and by any investment restrictions set by the client.

In exceptional circumstances the Firm may accept client investment portfolios on a non-discretionary basis. In these instances, the Firm's portfolio manager will make recommendations to the client regarding types of investments to buy and sell, the timing and amount of such transactions and, where applicable, the executing broker-dealer to effect the transactions. The decision to implement or reject the portfolio manager's recommendations remains with the client and transactions will be entered only after specific client authorization, in either written or verbal form.

### ***Item 17 — Voting Client Securities***

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As a discretionary investment advisor for its clients, Moirai Wealth generally is authorized to vote on all matters for which a shareholder vote is solicited by issuers of securities beneficially held in client accounts. Clients may instruct the custodian of their accounts that the client will retain the authority to vote such shareholder matters and that the client does not authorize the Firm to do so on the client's behalf.

Where it is granted voting authority, Moirai Wealth will vote as it deems appropriate in accordance with its written policies and procedures. These policies and procedures set forth pre-determined guidelines for voting many typical proxy proposals. However, each proxy issue will be considered individually in order for the Firm to consider in its judgment what would be in the client's best interest. Proxy votes generally will be cast in favor of proposals that: (1) maintain or strengthen the shared interests of shareholders and management, (2) increase shareholder value, (3) maintain or increase shareholder influence over the issuer's board of directors and management, and (4) maintain or increase the rights of shareholders. Proxy votes generally will be cast against proposals having the opposite effect.

Where a proxy proposal raises a material conflict of interest between the interests of the Firm and its client, Moirai Wealth seeks to avoid such conflicts of interest by applying the pre-determined proxy voting guidelines in an objective and consistent manner across client accounts. If Moirai Wealth's voting guidelines do not sufficiently cover a particular proxy issue, yet the Firm determines that it is in a client's best interest to vote the proxy, Moirai Wealth will forward the proxy voting materials to the client.

Clients may obtain a copy of Moirai Wealth's proxy voting policies and procedures and/or information on how the Firm has voted the client's securities upon written request. There may also be a variety of corporate actions or other matters for which shareholder action is required or solicited and with respect to which Moirai Wealth may take action that it deems appropriate in its best judgment, except to the extent otherwise required by agreement with the client. These actions may include tender offers, exchanges and class actions.

### ***Item 18 — Financial Information***

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Moirai Wealth does not require or solicit prepayment of more than \$500 of its investment management fees from clients six or more months in advance. There are no adverse conditions related to the Firm's finances that are likely to impair its ability to meet its contractual commitments to its clients. The Firm has never been the subject of a bankruptcy filing.

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# MOIRAI

WEALTH MANAGEMENT

## **FORM ADV PART 2B Brochure Supplement\***

Professional Background of

**KAREN M. SCHMID**

Mailing Address:

268 Bush Street, Box 4108  
San Francisco, California 94104

Telephone (415) 981-1541

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\*This brochure supplement provides information about the qualifications of Moirai Wealth Management, LLC's, (CRD No. 109675), investment advisory personnel. This is a supplement to the Moirai Wealth Form ADV Part 2A brochure that you should have received previously. Please contact the Firm's Managing Member and Chief Compliance Officer, (CRD No. 2488834), if you have not received the brochure or if you have any questions about the contents of this supplement. Additional information about Moirai Wealth Management, LLC is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Education and Business Standards**

Moirai Wealth Management, LLC requires all professionals providing investment advice to pass the Uniformed Investment Advisor Law Examination (Series 65) or hold a CFA designation. All investment professionals are required to have a broad understanding of finance, economics and statistics acquired through academic study, and/or a combination of academic and business experience. Portfolio managers are expected to exhibit well-developed analytical and reasoning skills. Advanced academic degrees — MBA and JD — and professional certifications — CFA, CFP, CPA — are highly encouraged. Moirai Wealth Management, LLC supports its professional employees by providing time and financial resources for continuing professional education, particularly the CFA and CFP programs.

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### **KAREN M. SCHMID, CFA\***

*Year of Birth:* 1960

### **Item 2 — Educational Background and Business Experience**

#### **Professional Designations:**

Uniformed Investment Advisory Law Examination (Series 65)  
Chartered Financial Analyst (CFA)

#### **Education:**

University of California at Berkeley, BA PEIS - International Economics, 1983  
Anderson School of Management at UCLA, MBA - International Business, 1988

#### **Business Background:**

Moirai Wealth Management, LLC — Managing Member, Portfolio Manager and Chief Compliance Officer, 2000 to Present  
J. Stewart Investments — Portfolio Manager & Analyst, 1991 to 2000  
Chase Private Banking — Marketing Manager, 1989 to 1990  
J. Stewart Investments — Junior Equity Analyst, 1984 to 1986

### **Item 3 — Disciplinary Information**

Ms. Schmid has no legal or disciplinary events or disclosures.

### **Item 4 — Other Business Activities**

Ms. Schmid has been a Director of the Mosi Foundation since 2002.

### **Item 5 – Additional Compensation**

Ms. Schmid receives no economic benefit from any non-client third party for the provision of investment advisory services. Employees are not paid “sales awards” or other prizes for referring clients to the Firm.

#### **Item 6 – Supervision**

All Firm personnel are supervised by Karen M. Schmid, Managing Member and Chief Compliance Officer, whose supervision is ongoing and includes account reviews, trade supervision, annual compliance reviews including the forensic testing of Firm systems, staff meetings and employee reviews.

#### **Item 7 – Requirements for State-Registered Advisors**

Ms. Schmid has not been the subject of a bankruptcy filing. She has never been liable for any claim alleging damages in excess of \$2,500, nor found liable in any proceeding involving claims of investment-related business activity, fraud, false statements or omissions, theft, embezzlement, other wrongful taking of property, bribery, forgery, counterfeiting, extortion, or dishonest, unfair or unethical practices.

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\* The Chartered Financial Analyst (“CFA”) designation requires the holder to pass three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.