



# EQUIUS PARTNERS, INC.

## **Firm Brochure**

(Part 2A of SEC Form ADV)

March 29, 2022

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This brochure provides information about the qualifications and business practices of Equius Partners, Inc. If you have any questions about the contents of this brochure, please contact us at (415) 382-2500 or at [nick@equiuspartners.com](mailto:nick@equiuspartners.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority. Registration does not imply a certain level of skill or training.

Additional information about Equius Partners, Inc., is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

Summary of material changes since the last update of this brochure on March 25, 2021.

Item: 8 Methods of Analysis, Investment Strategies, and Risk of Loss

Added risk disclosures related to investment in ETFs

### ***Item 3: Table of Contents***

<i>Item 2: Summary of Material Changes .....</i>	<i>2</i>
<i>Item 3: Table of Contents.....</i>	<i>3</i>
<i>Item 4: Advisory Services .....</i>	<i>5</i>
<i>A. Who We Are.....</i>	<i>5</i>
<i>B. Our Advisory Services .....</i>	<i>5</i>
<i>C. We Tailor Portfolios to Your Needs .....</i>	<i>5</i>
<i>D. Wrap Programs.....</i>	<i>5</i>
<i>E. Assets Under Management (AUM).....</i>	<i>6</i>
<i>A. How We Are Compensated.....</i>	<i>6</i>
<i>B. Billing Frequency and Method .....</i>	<i>6</i>
<i>C. Other Fees and Charges You May Incur.....</i>	<i>6</i>
<i>D. Refund of Fees.....</i>	<i>7</i>
<i>E. Compensation for Sale of Securities or Other Products.....</i>	<i>7</i>
<i>Item 6: Performance-Based Fees and Side-by-Side Management.....</i>	<i>7</i>
<i>Item 7: Types of Clients .....</i>	<i>7</i>
<i>Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss .....</i>	<i>7</i>
<i>A. Equius Partners Investment Strategies and Analyses.....</i>	<i>7</i>
<i>B. Investment Strategy Risks .....</i>	<i>9</i>
<i>C. Securities Risk .....</i>	<i>10</i>
<i>D. Exchange Traded Funds.....</i>	<i>10</i>
<i>E. Environmental, Social, and Governance Investments.....</i>	<i>10</i>
<i>F. Limitation on Advice .....</i>	<i>11</i>
<i>Item 9: Disciplinary Information .....</i>	<i>11</i>
<i>Item 10: Other Financial Industry Activities and Affiliations.....</i>	<i>11</i>
<i>Item 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading..</i>	<i>11</i>
<i>A. Our Code of Ethics .....</i>	<i>11</i>
<i>B. Securities in Which We May Have a Financial Interest .....</i>	<i>12</i>
<i>C. Investing in the Same Securities as Clients .....</i>	<i>12</i>
<i>D. The Timing of Securities Purchases or Sales .....</i>	<i>12</i>
<i>Item 12: Brokerage Practices .....</i>	<i>12</i>
<i>A. Selection of Custodian.....</i>	<i>12</i>
<i>B. Order Aggregation .....</i>	<i>144</i>
<i>Item 13: Review of Accounts.....</i>	<i>14</i>
<i>A. Timing and Nature of Reviews.....</i>	<i>14</i>
<i>B. Regular Portfolio Reports.....</i>	<i>14</i>
<i>Item 14: Client Referrals and Other Compensation .....</i>	<i>14</i>

<i>A. Economic Benefits to Equius Partners for Investment Advice.....</i>	<i>14</i>
<i>B. Referrals From Other Persons or Entities.....</i>	<i>145</i>
<i>Item 15: Custody.....</i>	<i>15</i>
<i>Item 16: Investment Discretion.....</i>	<i>16</i>
<i>Item 17: Voting Client Securities.....</i>	<i>16</i>
<i>Item 18: Financial Information.....</i>	<i>16</i>

## Item 4: Advisory Services

### A. Who We Are

Equius Partners, Inc. ("Equius Partners") is a SEC registered investment adviser that offers investment advisory services to individuals, corporations, nonprofit organizations, trusts, charities, pension and profit-sharing plans. We were founded in 1983 as Dynamic Funds Management, Inc. In 2007, Dynamic Funds Management merged with TAM Asset Management, Inc. (founded in 1992), and the firm was subsequently renamed Equius Partners. Our principal owners are Philip W. Jonckheer (47.5%), Jeffrey C. Troutner (47.5%), and Thomas J. Troutner (5%).

### B. Our Advisory Services

Equius Partners provides investment advice based on initial and ongoing consultations with our clients. These discussions are designed to facilitate a reasonable determination of our client's financial objectives, risk tolerance, investment time horizon, professional and personal financial challenges, income needs, investment experience, health considerations, regulatory and tax considerations, insurance considerations, education funding needs, retirement and estate planning goals, charitable giving desires, as well as defining and preserving our client's financial legacy.

We analyze and evaluate our clients for purposes of facilitating a reasonable determination that our investment advice is suitable for the client(s) based on their individual financial situation and investment objectives. Our investment advice may be offered regarding any investments or other investable assets held or maintained by our clients at the start of the advisory relationship.

We generally recommend a broad mix of (passively) managed, lower-cost indexed open-end mutual funds and institutional-level open-end mutual funds for our investment portfolios. These funds are designed to significantly reduce the risks associated with active management (for example, stock-picking and market-timing strategies) through very broad and efficient asset class diversification. This kind of diversification is designed to eliminate unnecessary risk, except the one that investors are generally rewarded for taking over time - in other words, "compensated risk." We also utilize other comparatively low-cost publicly traded investment vehicles, such as open-end exchange-traded funds (ETFs), as well as fixed income open-end funds, when appropriate.

For more on our investment philosophies and the risks of our strategies and/or specific investments recommended, please refer to Item 8.

### C. We Tailor Portfolios to Your Needs

After appropriate consultation with our clients, we reasonably determine the individual investments and asset allocation (mix of investment types or classes in the portfolio) that we believe are best designed to achieve our clients' investment objectives over time. We consider what risk is acceptable to our clients in achieving their objectives as well as return expectations, in light of their individual investment time horizon and needs. We emphasize maximum liquidity of our clients' investments (the ability to timely convert investments to cash) and transparency in all aspects of our investment approach.

### D. Wrap Programs

We do not invest in wrap fee programs or manage assets for any wrap fee accounts.

## **E. Assets Under Management (AUM)**

As of December 31, 2021, we managed \$1,126,029,591 total assets, that consist of \$1,089,569,387 in discretionary assets and \$36,460,204 in non-discretionary assets.

## **Item 5: Fees and Compensation**

### **A. How We Are Compensated**

The fee for our advisory services is based on a percentage of client assets under our management using the schedule below. Assets under management are calculated as of the end of the previous calendar quarter using the total aggregate market value (total market value of all managed investable securities) of our client's managed account(s) provided by independent sources, primarily the selected custodian for the assets, and include all managed assets in designated accounts.

<b>Assets Under Management</b>	<b>Annual Fee</b>
Up to \$2,000,000	1%
Above \$2,000,000 and up to \$7,000,000	0.5%
Above \$7,000,000	0.25%

The fee schedule above reflects the maximum fee applicable to new Equius Partners' managed accounts, and is negotiable depending upon account size, reporting responsibilities, and other considerations. Clients who hired Equius Partners prior to the adoption of the current fee schedule are charged an advisory fee based on the fee schedule reflected in their individual investment advisory agreement(s.)

For clients that are charged a tiered fee, when determining "Assets Under Management" for annual fee percentage calculations, we will consider other assets managed by Equius Partners that belong to certain familial relations of the principal client - which is typically referred to as "householding." Specifically, the total market value of the Assets Under Management of a client's account(s) will be aggregated with the total market value of all managed accounts belonging to a principal client's spouse, custodial accounts for minor children who reside at the same address of principal client, and any trust assets where the trustees, trustors and current beneficiaries all reside at the same address as the principal client (collectively, a "Household.") Clients are required to notify Equius Partners of any such Household relationships. Equius reserves the right to include Household account(s), for purposes of fee calculations, at the firm's discretion.

### **B. Billing Frequency and Method**

Investment advisory fees are billed in advance on quarterly basis. Clients are sent a detailed invoice of our investment advisory fee with your Equius Partners' quarterly report. With client consent, fees may be (automatically) deducted from one or more accounts designated by them.

### **C. Other Fees and Charges You May Incur**

All fees paid to Equius Partners for investment advisory services are separate and distinct from the fees and expenses charged by any associated mutual fund to their shareholders, or by the associated custodian (broker-dealer) for trade executions and other related services. Mutual fund fees and

expenses are generally described in each fund's prospectus, which are sent to our clients directly from the fund or by the associated custodian. Our policy is to invest client assets in passively managed, no-load open-end index and institutional-level asset class mutual funds, and ETFs, with very low internal expense ratios. Exceptions will be made only under special circumstances (such as instances where clients ask Equius Partners to include in our managed portfolios assets obtained by the client prior to hiring Equius Partners) and after consultation with our client(s) about the potential risk, return, and tax consequences of their request.

Clients will incur transaction fees, including trade commissions from the custodian third-party broker-dealer, when Equius Partners buys or sells mutual fund shares on our clients' behalf. Transaction fees are charged by the custodian, who is the third-party broker-dealer holding client assets for independent safekeeping.

Custodians charge account holders other fees and charges which they separately disclose to clients.

#### **D. Refund of Fees**

Our investment advisory fees are billed in advance, meaning that we invoice clients before the three-month billing period has begun. Should a client decide to terminate their Equius Partners investment advisory services before the end of the billing period, their fee will be recalculated up to and including the date of termination, and any unearned fees will be accordingly refunded.

#### **E. Compensation for Sale of Securities or Other Products**

Equius Partners does not accept compensation for the sale of securities or other investment products.

### **Item 6: Performance-Based Fees and Side-by-Side Management**

This item is not applicable to Equius Partners as our Firm does not impose performance-based charges to investors.

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

We provide investment advice to individuals, high net worth individuals, corporations, nonprofit organizations, trusts, charitable entities, as well as pension and profit-sharing plans.

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

#### **A. Equius Partners Investment Strategies and Analyses**

##### *Asset Class Investing*

The Equius Partners investment strategy is best described as "asset class investing" and is based on the well-documented premise that global financial capital markets are highly efficient (prices adjust very quickly to new information) and that the primary factor affecting the variability of returns is the asset class allocation decision.

Academic research indicates that the mix of assets in a portfolio (the "asset allocation") is the primary determinant of portfolio returns over time. Our selection of asset classes (groups of securities with similar risk and return characteristics) is influenced primarily by the research of professors Eugene Fama, Sr. (University of Chicago) and Kenneth French (Dartmouth College). We also follow research on securities and financial markets from many other accredited academics around the world.

### *Modern Portfolio Theory*

Equius Partners adheres to the principles of Modern Portfolio Theory (MPT). MPT is based on the observation that diversifying among different investments that are not highly correlated can result in a weighted average of the asset class returns, but less than a weighted average of their risk. In other words, mixing low correlating investments or asset classes in a portfolio can reduce the volatility of the portfolio without reducing the overall portfolio expected return.

Based on our research and the trusted research of others, we will generally diversify client assets among cash equivalents (money market funds); high-quality, short-term bonds; large and small company stocks; open-end funds, open-end ETFs, as well as growth (higher-priced) and value (lower-priced) stocks in the U.S. and foreign developed markets. In certain circumstances, large, small, growth, and value stocks in select emerging markets and/or shares of real estate investment trusts (REITs) will be included in client diversified portfolios.

### *Your Asset Allocation*

Equius Partners recommends a mix of asset classes for client portfolios based on a reasonable assessment of client long-term financial objectives and risk tolerance. Where appropriate, we will recommend an allocation to high-quality, short-term (fixed income products) bonds, within a broadly diversified index or asset class mutual fund, to reduce overall portfolio risk, generate a more predictable cash flow (interest income), facilitate portfolio rebalancing, and provide a "hedge" against inflation.

If a client's objective is a higher annual expected return and they are willing to accept a higher degree of risk, we will recommend a portfolio with greater allocations to equities, in general, and small company and value equities in particular (using index or asset class open-end mutual funds.) Recommended equity allocations will generally be globally diversified among the U.S. and foreign public capital markets. In certain circumstances, we may include emerging markets and REITs in limited percentages.

Our recommended asset allocation is not influenced by current market conditions. This asset allocation which is memorialized in the associated client agreement(s) "Investment Policy," shall be adjusted when client long-term investment objectives have changed, or upon our client request, in consultation with us.

### *Rebalancing*

Current asset allocations for client portfolio(s) will change as financial markets rise and fall. This creates the opportunity to selectively rebalance portfolio(s) in order to bring asset class percentages back to policy targets. Asset classes that have risen beyond predetermined limits are sold by an amount that brings the allocation back in line with policy targets, and those that have fallen in value are purchased in the same way. This is a method of "selling high and buying low" that is notably contrarian and is not based on predicting the direction of markets or asset class returns.

Rebalancing typically has the effect of enhancing portfolio returns while maintaining the agreed-upon risk level for the portfolio. In order to limit rebalancing transactions and the costs associated with buying and selling mutual funds through the chosen custodian, Equius Partners has set ranges in which allocations may vary and at which rebalancing is triggered.



### *Specific Investments*

Equius Partners invests client assets in passively managed index funds and structured asset class funds representing selected asset classes. "Passively managed" refers to the fact that the managers of these kinds of funds do not engage in active stock picking, market timing, sector rotation, and other speculative strategies that have been shown, in a large body of academic research, to introduce risks to portfolios that are not compensated with higher returns over time.

Passively managed index and structured asset class funds generally have much lower portfolio turnover (the amount of buying and selling of securities), less taxable distributions to shareholders, much lower costs, and much greater diversification, all while outperforming the majority of actively managed funds over time.

When selecting specific mutual funds for client portfolios, Equius Partners examines each fund's management structure, financial condition, fees and costs, and operating procedures. We also analyze each mutual fund for adherence to its stated investment objectives (as noted in the fund's prospectus). The investment performance of each mutual fund is observed over past market cycles to determine its correlation to public indexes, such as the S&P 500 and Russell 2000 indexes, and proprietary indexes, such as those of Dimensional Fund Advisors (DFA) and the Center for Research in Securities Prices (CRSP). In addition, Equius Partners monitors the portfolio turnover, growth in total assets, management and administrative expenses, taxable distributions, and other relevant information.

Due to account size, inception date, cash flows, tax considerations, and certain other factors, the mutual funds selected for a particular asset class may not be the same for all client accounts, and the actual percentage mix of asset classes may differ from the targets and from other accounts with similar investment objectives.

### **B. Investment Strategy Risks**

Financial markets are inherently volatile and unpredictable, particularly in the short term. Investments in equities (stocks), no matter how well diversified, can result in declines in the value of client portfolio(s). Sometimes these declines can be significant. Equity (stock) returns, over time, are driven by growth in corporate earnings and dividends, and this growth can be negatively affected by economic cycles; local, state, and national politics; demographics; corporate management; and other factors.

Although the best and most current academic research shows a direct relationship between asset class risk and return (for example, small company stocks as a group outperform large company stocks because they are riskier), these relationships may not be evident over many months or even years. Given the long-term nature of the expected equity return premium (the additional return expected for investing in the overall stock market relative to U.S. Treasury bills), and the long-term nature of the expected value and small company stock return premiums, our investment philosophy is best suited for investors who desire a buy-and-hold strategy (with periodic rebalancing) for a substantial portion of their funds.

Also, correlations among asset classes (how their returns move relative to each other over various time periods) are constantly changing. Lower correlations tend to improve portfolio diversification. There are times, however, when asset classes move in tandem, reducing the benefits of asset class diversification. This can occur at particularly difficult times in market and economic cycles—exaggerating portfolio losses.

The returns from asset class investing can vary significantly, up or down, from popular market indexes such as the S&P 500 or Dow Jones Industrial Average. This is due to the fact that the returns

of these indexes are dominated by large stocks with higher prices relative to their earnings, book value, cash flow, or other measures, and client asset class portfolio is likely to include greater weighting toward smaller and lower-priced securities. Since the mainstream and financial media tend to emphasize the returns of these popular market indexes in their reporting, clients may feel that their portfolio is under- or over-performing those of other investors at certain times and cause them to alter the expectations of their Equius Partners investment strategy. Ever-changing expectations can lead to market timing decisions (moving in or out of stocks in varying degrees and varying frequencies) that can be very detrimental to client long-term returns.

Equius Partners assists clients in developing rational and reasonable risk and return expectations through our initial and ongoing counseling. This tends to reduce the risk of market-timing behavior and leads to a greater adherence to the agreed-upon Investment Policy for client managed assets. We are also available during normal business hours to discuss risk and return issues and how they may impact client investment portfolios.

### **C. Securities Risk**

Investments in financial securities involves the risk of loss that clients should be prepared to bear. Securities in foreign developed and emerging markets funds entail additional risks for U.S. investors, as these investments may be affected by foreign taxes, differences in financial standards, political and economic instability, and currency fluctuations. Investments in mutual funds can result in unanticipated tax consequences with regard to dividend and capital gains distributions. In addition, certain mutual funds in your portfolio(s) held at Charles Schwab or other custodians may not be eligible for transfer to another custodian should clients wish to effect such a transfer. This might result in a sale of shares, which could create a tax liability for clients.

Equius Partners seeks to reduce these risks by investing assets in broadly diversified and passively managed index funds and structured, institutional-level asset class funds. The equities (stock) portion of portfolio may be invested—through these mutual funds—in as many as 5,500 individual publicly-traded companies across six to eight global asset classes. This tends to eliminate the risks of active management (concentrated stock picking), which has been shown by a large body of financial research to not be compensated by higher returns over time.

While we seek to eliminate non-compensated risks through very broad and efficient diversification, we cannot guarantee that your goals and objectives will be achieved.

### **D. Exchange Traded Funds.**

Exchange-traded funds ("ETFs") are a type of index fund bought and sold on a securities exchange. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile, and ETFs could have management fees that may increase their costs. ETFs are also subject to other risks, including, without limitation: (i) the risk that their day-to-day prices may not correlate perfectly with changes in the underlying index; and (ii) the risk of possible trading limitations due to market conditions or other reasons that, in the view of the exchange upon which an ETF trades, could effect the timely trading in the ETF.

### **E. Environmental, Social and Governance Investments**

The returns on a portfolio consisting in part or primarily of environmental, social and governance ("ESG") investments may be lower or higher than a portfolio that is more diversified or where decisions/recommendations are based solely on investment (return) considerations. Because ESG

criteria exclude some investments, investors may not be able to take advantage of the same opportunities (returns) as investors that do not use such criteria. Diversification does not guarantee a profit or protect against loss in a declining financial market.

#### **F. Limitation on Advice**

It is expressly understood and agreed that Equius Partners is not providing (or being engaged to provide) any advice related to legal, regulatory, accounting or tax matters. Clients acknowledge and agree that they will rely solely on their independent legal, tax and accounting advisors for all matters related to their investments and investment accounts, and that they have not received or relied upon the advice of Equius Partners regarding matters of law, taxation or accounting.

### **Item 9: Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events of their firm or certain management personnel which would be material to your evaluation of us or our integrity in management of your investment portfolio.

Equius Partners and our employees have not been involved in legal or disciplinary events which, in the judgment of our Chief Compliance Officer, are required to be disclosed under the guidelines for such disclosure promulgated by the U.S. Securities and Exchange Commission.

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

Equius is an independent investment advisor, unaffiliated with any other financial institution or securities dealer or issuer.

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

#### **A. Our Code of Ethics**

We have adopted a Code of Ethics to which all investment advisor representatives and employees are bound to adhere. The key component of our Code of Ethics states:

Equius Partners and its investment advisor representatives and employees shall always:

- Act with integrity, competence, dignity, and in an ethical manner when dealing with the public, clients, prospects, employers, and employees.
- Exercise its authority and responsibility for the benefit of its clients, to place the interests of its clients first and to refrain from having outside interests that conflict with the interests of its clients. Equius Partners must avoid any circumstances that might adversely affect or appear to affect its duty of complete loyalty to its clients.
- Refrain from disclosing any nonpublic personal information about a client to any nonaffiliated third party unless the client expressly gives permission to Equius Partners to do so. All client information will otherwise be treated as confidential.

- Maintain the physical security of nonpublic information, including information stored on computers.

The Code of Ethics is in place to guide the personal conduct of our various team members. The Code of Ethics describes our fiduciary duties and responsibilities to you and sets forth our practice of supervising the personal securities transactions of employees with prior or concurrent access to client trade information. A copy of the Equius Partners Code of Ethics is available upon request.

### **B. Securities in Which We May Have a Financial Interest**

Equius Partners does not recommend or buy or sell for client portfolios securities in which we have a material financial interest.

### **C. Investing in the Same Securities as Clients**

Our Code of Ethics provides that individuals associated with our firm may buy or sell securities for their personal accounts identical to or different than those recommended to clients. However, it is the policy of our firm that no employee shall prefer his or her own interest to that of our clients, nor make personal investment decisions based on client investment decisions.

To supervise compliance with our Code of Ethics, we require that anyone associated with our advisory practice and who possesses access to advisory recommendations ("access persons"), provide annual securities holding reports and quarterly transaction reports to our Chief Compliance Officer or his designee. We also require access persons to receive advance approval from our Chief Compliance Officer or his designee prior to investing in any initial public offerings or private placements, and with regard to trading of certain individual securities.

### **D. The Timing of Securities Purchases or Sales**

Equius Partners invests client assets in mutual funds, which are priced at the end of each business day that financial markets are open. Therefore, the timing of purchases and sales of mutual funds for clients and employees of Equius Partners does not introduce a potential conflict of interest.

Equius Partners also buys or sells securities that are traded on exchanges and repriced constantly during market hours (for example, shares of exchange-traded funds, or ETFs), we will place trades for client accounts before entering trades for our own.

## **Item 12: Brokerage Practices**

### **A. Selection of Custodian**

Clients may be permitted to direct us to utilize their desired broker-dealers. However, if such broker-dealers are utilized, we may not have access to certain mutual funds and other investments that are available only to institutional investors or approved investment advisors. Also, commissions or transaction fees to buy or sell our recommended mutual funds may be higher than the fees negotiated by us.

We have negotiated fees with the third-party custodians we recommend and have selected these custodians for their generally low fees. Also, please note that we prefer to recommend custodians that possess significant size and financial resources for purposes of enhanced safety of client funds. For these reasons, the lowest-cost custodian may not be recommended.

While as a fiduciary we endeavor to act in our clients' best interests, our desire that clients maintain much of your assets in accounts at Charles Schwab & Co., TD Ameritrade, and other custodians may be based in part on the benefit to our firm of the availability of some products and services at no cost to us, or at reduced cost. This may create a potential conflict of interest (please see *Equius Benefits Provided by Custodians* below).

We understand our duty for best execution and consider all factors in making recommendations to our clients. These custodial services may be useful in servicing all our clients and may not be used in connection with any particular account that may have paid compensation to the firm providing such services. While we may not always obtain the lowest commission rate, we believe the rate is reasonable in relation to the value of the broker-dealer and research services provided.

#### *Equius Benefits Provided by Custodians*

The custodians for the assets of Equius Partners' clients assist in the management of client accounts in the following ways:

- (a) We receive duplicate client confirmations;
- (b) We have access to a trading desk that serves clients of investment advisory firms exclusively;
- (c) We have access to the investment advisor portion of their web sites, which includes practice management articles, compliance updates, and other financial-planning related information and research materials;
- (d) We have access to other vendors (such as insurance or compliance providers, or providers of research or other materials) on a discounted fee basis through discounts arranged by the custodians;
- (e) We have access to an electronic communication network for client order entry and access to your' account information and which may otherwise assist us with our back-office functions, including record keeping and client reporting; and
- (f) We are sometimes invited to conferences at which advisors and employees of our firm may attend (with no registration fees) and receive education on issues such as practice management, marketing, investment theory, financial planning, business succession, regulatory compliance, and information technology.

Participation in the custodians' programs also provides access to certain mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors, such as the mutual funds of Dimensional Funds Advisors (DFA).

Benefits received through participation in a custodian's program may depend upon the amount of transactions directed to or the amount of assets placed in custody with Charles Schwab & Co., TD Ameritrade, and other custodians.

Generally, many of these services may be utilized to service all or a substantial number of our clients' accounts. Educational, research, or other services provided by our custodians Charles Schwab & Co., TD Ameritrade, and others, as well as mutual fund companies, may benefit all of our clients or may benefit only some clients.

## **B. Order Aggregation**

We have chosen to not aggregate (combine) the trades of our clients. This is due to the fact that all trade decisions are reviewed for near-term and long-term tax efficiency, which requires individual analysis of most trading decisions. This individual analysis of trades does not lend itself to computer software programs which could aggregate trades. As a result, our clients do not receive the benefits of reduced transaction fees that such aggregation of trades might provide to our clients generally.

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

### **A. Timing and Nature of Reviews**

Portfolio reviews will be undertaken (1) periodically, (2) upon request, (3) when assets are added or withdrawn from client accounts, or (4) upon a substantial asset class decline or appreciation.

Periodic portfolio reviews are undertaken to ascertain if the agreed upon percentages invested in any asset class have strayed beyond their target minimums or maximums, and for purposes of meeting client cash flow needs.

### **B. Regular Portfolio Reports**

We will send our clients written quarterly reports of their investment portfolio, including an inventory of the investments upon which advice is provided. Such reports may also include a performance review of their portfolio. Clients may also access their account(s) information via a secure web site of their custodian broker-dealer.

Monthly or quarterly statements are sent directly to our clients from their associated third-party custodians. These account statements reflect the assets in the custodian's custody, together with confirmations of each buy/sell transaction executed in the account(s.) For some custodians, clients may elect or automatically receive statements and trade confirmations by email rather than U.S. mail.

Clients are strongly encouraged to review the trade confirmations, notices, as well as the monthly or quarterly statements you receive from third-party custodians. Despite the best efforts of any firm to safeguard clients' assets, fraud could still occur.

We also encourage clients to compare the account reports received from us with those received directly from custodians. Should clients detect any unauthorized trading in an account, any unauthorized transfers of cash or securities, or anything suspicious, clients are asked to contact Nicholas Humphrey, our Chief Compliance Officer, at (415) 382-2500.

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

### **A. Economic Benefits to Equius Partners for Investment Advice**

Equius Partners does not receive economic benefits for providing investment advice to you from any other person or entity.

### **B. Referrals From Other Persons or Entities**

We have been fortunate to receive many client referrals over the years for which no compensation or benefit is paid. Referrals of this nature come from current clients, estate planning attorneys, accountants, employees, personal friends of employees, and other similar sources.

We may compensate others for client referrals based on fully disclosed and transparent agreements. All such agreements are in compliance with the Investment Advisers Act of 1940. In addition, all applicable federal and state laws will also be observed. All clients procured by referral sources will be given full written disclosures describing the terms and fee arrangements between the advisor and the referral source prior to or at the time of entering into the advisory agreement.

For accounts of our clients held in custody at Schwab, Schwab generally does not charge the client separately for custody but receives compensation from the client in the form of commissions or other transaction-related compensation on securities trades Schwab executes for the client's account.

Our clients may also pay Schwab a fee for clearance and settlement of trades executed through broker-dealers other than Schwab, and those fees are in addition to the other broker-dealer's fees. Thus, Equius Partners may have an incentive to cause trades to be executed through Schwab rather than through another broker-dealer. Because trades for client accounts held in custody at Schwab may be executed through different broker-dealers than trades for our other clients, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for those other clients.

#### *Independent Service Representatives*

In addition to the direct marketing efforts by those individuals associated with Equius Partners, the firm also uses the services of Independent Service Representatives ("ISRs") to solicit accounts and provide ongoing personal communications with clients. These individuals are not engaged in the management of any Equius client portfolios.

Equius Partners pays a portion of the investment advisory fee paid by referred clients to the ISR. The ISR provides his or her services under a written agreement in which the ISR agrees to perform obligations under the agreement in accordance with Equius Partners' instructions and the provisions of the Investment Advisers Act of 1940, as amended, and the rules thereunder.

Each client an ISR refers to Equius Partners is made aware of the relationship between Equius Partners and the ISR by means of a separate written "Solicitor's Disclosure Statement" at the time the client's account is opened. The name of the ISR and the basis of his or her compensation are detailed in both our standard Investment Advisory Agreement and in the Solicitor's Disclosure Statement. Clients whose accounts are solicited and serviced by an ISR are not responsible for any part of the compensation that the ISR receives and incur no additional fee for Equius' services.

#### *Referrals From Equius Partner*

We do not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred by us to them.

## **Item 15: Custody**

Equius Partners assists certain clients with the transfer of their assets between two or more of their accounts maintained at the clients' custodian or maintained with multiple custodians. This ability, to transfer a client's assets between the client's accounts maintained at one or more qualified custodians, if the client has authorized Equius Partners, in writing, to make such transfers, causes our firm to exercise limited custody over your funds or securities. Pursuant to Rule 206(4)-2 (the "Custody Rule"), Equius Partners has taken steps to have controls and oversight in place to support the no-action letter issued by the SEC on February 21, 2017 (the "SEC no-action letter.") With respect to third-party standing letters of authorization ("SLOA") where a client may grant Equius Partners the authority to direct custodians to disburse funds or securities to one or more third-party accounts,



Equius is deemed to have limited custody. However, for these assets subject to the Custody Rule, we are not required to comply with the "surprise examination" requirement of the Custody Rule if we are otherwise in compliance with the seven representations noted in the SEC no-action letter. Where Equius Partners acts pursuant to a SLOA, we believe we are making a good faith effort to comply with the representations noted in the SEC no-action letter. Additionally, since many of those representations involve the qualified custodian's operations, Equius Partners will collaborate closely with its custodians to ensure that the representations would be able to be met.

## **Item 16: Investment Discretion**

We are normally granted discretionary authority by clients to manage their accounts. This authority is outlined in our Investment Advisory Agreement and is executed through a limited power of attorney document provided by the client's custodian. Both of these documents must be reviewed and signed by the client at the time of our investment advisory engagement. This discretionary authority allows us to manage client accounts according to the guidelines provided in their Investment Policy Statement without calling the client in advance of appropriate transactions. In certain circumstances, and at our discretion, however, we may call our clients in advance of certain activities (such as those pertaining to any aspect of "tax management").

## **Item 17: Voting Client Securities**

As a matter of firm policy and practice, we do not accept authority to vote proxies on our clients' behalf. Clients retain the responsibility for receiving and voting proxies (inclusive of routing issuer proposals, corporate actions and class action lawsuits) for any and all securities maintained in client portfolios. Relevant information regarding the proxy voting items themselves is provided by the client's qualified independent custodian.

## **Item 18: Financial Information**

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about their financial condition. Equius has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to our clients and has not been the subject of a bankruptcy proceeding.