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# Arbo Works, Inc.

153 Castro Street, Suite 200

Mountain View, CA

94041

[www.arbo.works](http://www.arbo.works)

## PART 2A OF FORM ADV: FIRM BROCHURE

March 15, 2022

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This brochure provides information about the qualifications and business practices of Arbo Works, Inc. ("Arbo Works"). If you have any questions about the contents of this brochure, please contact us at (650) 504-1667. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

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

Registration with the SEC as a registered investment adviser pursuant to the Investment Advisers Act of 1940, as amended (the "Advisers Act"), does not imply a certain level of skill or training.

## **Item 2        Material Changes**

This is the initial brochure for Arbo Works, Inc. As such, there are no material changes to describe herein.

### **Item 3      Table of Contents**

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## Item 4 Advisory Business

Arbo Works, a Delaware corporation, was established in 2021 with an office in Mountain View, CA. The Firm is owned by 8 co-founders as well as several VC firms, all of whom own less than 10%. Caesar Sengupta serves as CEO and owns 10.05% of Arbo Works.

Arbo Works provides an interactive investment platform (the “Platform”) to its clients. The Platform is only accessible through smartphone applications available on the Google Play Store and Apple App Store. The Platform helps clients reach their financial goals by providing recommendations and investment strategies tailored to each individual’s preferences, objectives, and risk tolerance. Arbo currently offers its services to Accredited Investors and Qualified Purchasers. Arbo Works collects information from each client at time of onboarding and from time to time, including specific information about a client’s financial situation and overall investment objectives. Investment recommendations are then generated by Arbo Work’s proprietary algorithm (“the Algorithm”) and presented to the client based on the information provided. Arbo Works accepts full discretion over client assets for fully managed accounts, and also offers services on a non-discretionary basis, whereby clients maintain the authority to ultimately decide whether or not to follow investment recommendations put forth via the Platform. Our services are delivered through tandem accounts (discretionary and non-discretionary); therefore, at account inception, both such accounts are automatically and simultaneously opened on behalf of clients, as outlined in the Investment Management Agreement. In addition, Arbo Works allows clients to place reasonable restrictions on transactions and request certain investment mandates (including ESG) relative to both discretionary and non-discretionary accounts.

Arbo Works offers clients the opportunity to transact in equities, ETFs, mutual funds, derivatives, and margin accounts. Arbo Works may offer margin accounts, lines of credit, and derivatives to eligible investors; such offerings are subject to approval from the custodian/broker-dealer and must be compatible with the investment objectives of the client.

Arbo Works does not participate in wrap fee programs.

Arbo Works is an internet-based adviser registered with the SEC under reliance upon the Internet Adviser Exemption Rule 203A-2(e).

## Item 5 Fees and Compensation

### Separately Managed Accounts (“SMA”)

For accounts managed on a non-discretionary basis, Arbo Works charges a subscription fee, which allows access to the Platform and facilitates opening an account in the client’s name with our custodian(s) and which may be waived at Arbo Works’ sole discretion. For accounts managed on a discretionary basis, in addition to the subscription fee, such clients will be charged an asset-based fee. Such fees are charged quarterly, in-arrears. See below fee schedule:

Assets Under Management	Annualized Fee %
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\$100,000 to \$500,000	0.5%
\$500,001 to \$1,000,000	0.35%
\$1,000,001 and up	0.10%

#### Alternative Investments and Private Placements

Arbo Works does not offer alternative investments or private placements at this time.

#### Fees for Investment of Client Assets in Third-Party Mutual Funds, Private Funds, and Other Pooled Investment Vehicles

At times, Arbo Works may invest a client's assets in mutual funds (including money market funds or similar short-term investment funds) or other pooled investment vehicles sponsored by third parties, such as hedge funds, venture funds, REITs, exchange traded notes and/or exchange traded funds. To the extent that a client's assets are invested in other pooled vehicles, the clients will also typically pay management and/or other fees (such as performance fees) associated with each such mutual fund or other pooled vehicle that are in addition to the fees paid by the client to Arbo Works, as described below. Those fees are described in each pooled vehicles' offering documents (e.g., prospectus or offering memorandum). Such charges, fees, and commissions are exclusive of, and in addition to, Arbo Works' investment advisory fee.

#### Additional Fees and Expenses Payable by Clients

Clients may incur brokerage commissions, transaction fees, service provider fees, and other related costs and expenses directly from the custodian or broker-dealer. Execution of client transactions may require payment of brokerage commissions by clients. "Item 12 – Brokerage Practices" further describes the factors that Arbo Works considers in selecting or recommending broker-dealers for the execution of transactions and determining the reasonableness of their compensation (e.g., commissions). Investment activity may also involve other transaction fees payable by clients, such as sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition, clients may incur certain charges imposed by outside custodians, broker-dealers, and other third parties, such as custodial fees, administrative fees, and transfer agency fees. Arbo Works does not currently receive any payments from brokers, custodians, or any other third parties relating to its provision of investment advisory services.

#### *Mutual Funds*

Specifically, fees for mutual fund investments generally include two types: shareholder fees and annual fund operating expenses. Shareholder fees may include:

- Sales loads (fees paid to a broker/dealer, which may include front end sales loads (sales fees charged upon purchasing shares) and/or back end sales loads (sales fees charged upon redeeming shares));
- Redemption fees (fees paid to the fund upon the sale of mutual fund shares);
- Exchange fees (fees charged for transferring to another fund within the same fund group); and
- Account fees (account maintenance fees).

Annual fund operating fees include:

- Management fees (fees paid to an adviser or its affiliates for managing the fund);
- Distribution and/or service (e.g., 12b-1) fees (fees for distribution expenses, and sometimes shareholder service expenses); and
- Other expenses (miscellaneous expenses, such as custodial expenses, legal expenses, accounting expenses, transfer agent expenses, and other administrative expenses).

Clients whose assets are invested in mutual funds may pay some or all of the above fees. Clients should review the prospectus of any fund in which their assets are invested in order to understand the fees that may be applicable to their particular investment.

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

### **Performance-Based Fees**

Arbo Works does not charge performance-based fees at this time.

### **Side-by-Side Management**

Our investment professionals simultaneously manage multiple accounts (including individual high net worth accounts and institutional separate accounts) according to similar investment objectives. The simultaneous management of these different investment accounts could create certain conflicts of interest, if the fee structures for the management of certain types of accounts were higher than others. Arbo Works recognizes that it has an affirmative duty to treat all such accounts fairly and equitably over time. Although Arbo Works has a duty to treat all similarly managed accounts fairly and equitably over time, such portfolios will not necessarily be managed the same at all times. Specifically, there is no requirement that Arbo Works use the same investment practices consistently across all accounts. In general, investment decisions for each client account will be made independently from those of other client accounts, and will be made with specific reference to the individual needs and objectives of each client account. In addition, Arbo Works will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible accounts, particularly if different accounts have materially different amounts of capital under management by Arbo Works or different

amounts of investable cash available. As a result, although Arbo Works manages numerous accounts with similar investment objectives, or may manage accounts with different objectives that trade in the same securities, the portfolio decisions relating to these accounts, and the performance resulting from such decisions, may differ from account to account.

## **Item 7        Types of Clients**

Arbo Works provides advice to individuals (including joint accounts), trusts, and entities (including family offices). All individuals must be either qualified purchasers or accredited investors as defined by Regulation D. Qualified purchasers and accredited investors will need to provide information to substantiate their qualified or accredited status at time of onboarding. Arbo Works currently requires a minimum investment of \$100,000, which may be waived in the Adviser's sole discretion.

Conditions for Managing Accounts: As a general rule, Arbo Works requires a minimum account size of

\$100,000. However, the minimum account size is negotiable and may be waived or modified at the Firm's discretion. Generally, Arbo Works requires each client to execute an Investment Management Agreement that details the nature of the discretionary investment advisory authority given to Arbo Works. Arbo Works

will not accept an account from an investor whose investment objective or policy is inconsistent with Arbo Works' fundamental investment philosophy and approach.

Arbo may allow clients to "link" outside brokerage accounts. Such linking functionality will allow view-only access to the client's outside brokerage account balances and investments for their convenience. Neither Arbo Works nor its clients are able to effect transactions in outside brokerage accounts through the use of such linking functionality. Arbo Works will have view-only visibility of all linked accounts, but does not consider such investments and accounts in the algorithmic management of client accounts.



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

### **Investment Strategies and Methods of Analysis**

Arbo Works utilizes proprietary, automated computer algorithms to build strategies and recommendations based on a client's preferences and risk tolerance. Arbo Works will present clients with recommended investments based on the financial information and investment preferences shared by the client. For discretionary accounts, such inputs will drive algorithmic account management. For non-discretionary accounts, inputs will drive algorithmic recommendations, which the client may or may not elect to follow. Once a non-discretionary client receives their recommendation(s), they make the decision whether or not to make any changes to their portfolio, including whether they should seek advice from any third-party advisors.

### **Risk of Loss**

All investing and trading activities risk the loss of capital. Arbo Works cannot guarantee any level of performance or that clients will not incur a loss of capital. The following risks are not meant to be all inclusive, but should be considered prior to engaging Arbo Works for its advisory services.

#### Advisory Risk

There is no guarantee that Arbo Works's algorithm, analysis, or recommendations pertaining to particular securities or strategies will produce the intended results. Our judgment may not be correct and clients may not achieve their investment objectives. In addition, there is a risk that Arbo Works or its clients may experience computer issues, including equipment or Platform failure, loss of internet access, viruses, or other events that may impair our ability to provide advisory services.

#### General Market Risk

The price of any security or the value of an entire asset class can decline for a variety of reasons that Arbo Works cannot control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events.

#### Equity Securities Generally

The value of equity securities generally varies with the performance of the issuer and movements in the equity markets. Investors in equity securities may lose a substantial portion of their principal.

## **Item 9           Disciplinary Information**

There are no legal or disciplinary events that are material to a client's evaluation of Arbo Works or the integrity of our management or any employee of our Firm.

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

Neither Arbo Works nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or registered representative of a broker-dealer.

Neither Arbo Works nor any of its management persons is registered, or has applied to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person thereof.

None of Arbo Works' employees or officers have relationships with related parties in the financial services industry that materially affect Arbo Works' advisory service or any member.

None of Arbo Works' employees or officers recommend or select investment advisers for clients or have any business relationships with other investment advisers.

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

It is possible that employees may independently invest in the same securities that are held by and/or recommended to clients. As such, Arbo Works has adopted a Code of Ethics that sets forth the standards of conduct expected of employees. All employees including management are required to comply with the provisions of the Code of Ethics. The Code of Ethics includes policies and procedures relating to personal trading, gifts and entertainment involving business associates, outside activities, charitable donations as well as other potential or actual conflicts of interest. All employees and officers must acknowledge receipt of the Code of Ethics and report any violations of the Code to the Chief Compliance Officer.

In addition, the Code of Ethics requires all employees including management to comply with certain rules designed to protect against insider trading. Pursuant to the Code of Ethics, upon commencement of employment, Arbo Works's employees who are designated as Access Persons are required to provide an initial holdings report disclosing all personal brokerage accounts, private placements, and investments of limited opportunity (e.g. "hedge funds"). In addition, employees must thereafter provide a personal trading report to the Compliance department within 30 days after the end of each calendar quarter. This report must include every securities transaction (excluding transactions effected in any account over which neither Arbo Works nor the employee has any direct influence or control, and transactions in securities that are direct obligations of the Government Of the United States, bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements, or shares issued by registered open-end investment companies) in which the employee, the employee's immediate family or trusts of which the employee is a trustee or in which the employee has a beneficial interest have participated during the quarter.

Certain personal trades must be pre-cleared by the Chief Compliance Officer, including investments in private placements and initial public offerings, as referenced above, and such pre-clearance will apply to initial public offerings and private placements, as further described in Arbo Works's Code of Ethics. Each employee is also required to provide an annual report of brokerage accounts and holdings along with an acknowledgement at least annually that the employee will comply with the provisions of the Code of Ethics.

Arbo Works's related persons may from time to time invest in or receive services from registered advisors on the Arbo Works platform. If so, prior to making such investment or any withdrawal, a related person is required to disclose his or her intent to make such investment or withdrawal, as applicable, to Arbo Works's Chief Compliance Officer for review and approval as provided for in Arbo Works's Code of Ethics.

Arbo Works is required to keep copies of the Code of Ethics and all records relating thereto. Clients or prospective clients may obtain a copy of the Code of Ethics upon written request using the address on the front page of this Brochure.

## **Item 12 Brokerage Practices**

Arbo Works utilizes qualified custodians to maintain custody of client assets. These same brokers will execute client transactions. Arbo Works has a fiduciary duty to seek best execution (see further description below), and to ensure that trades are allocated fairly and equitably among clients over time.

### **Brokerage Relationships**

Arbo Works' relationships with broker/dealers, particularly those affiliated with large financial services organizations, are complex. Arbo Works uses various broker-dealers to execute trades on behalf of clients, but Arbo Works may also have many other relationships with such firms. For example:

- Arbo Works may invest client assets in securities issued by broker/dealers or their affiliates; and
- Notwithstanding such relationships or business dealings with these broker-dealers, Arbo Works has a fiduciary duty to its clients to seek best execution when trading with these firms, and has implemented policies and procedures to monitor its efforts in this regard, as described further below.

### **Best Execution – Selection Factors for Broker/Dealers**

As noted above, Arbo Works has a duty to seek best execution of transactions for client accounts. "Best execution" is generally understood to mean the most favorable cost or net proceeds reasonably obtainable under the circumstances. In seeking best execution, Arbo Works looks for the best combination of transaction price, quality of execution (e.g., the speed of execution, the likelihood the trade will be executed, etc.), and other valuable services that an executing broker/dealer may provide.

Clients grant Arbo Works the authority to select the broker/dealer to be used for the purchase or sale of securities. Arbo Works, in seeking best execution, will make this selection based on a number of factors, which may include, but are not limited to, the following: the broker/dealer's financial soundness; the broker/dealer's ability to effectively and efficiently execute, report, clear, and settle the order; the broker/dealer's ability to commit capital; the broker/dealer's ability to timely and accurately communicate

with Arbo Works' trading desk and operations team; the broker/dealer's commission rates; the number of shares being purchased or sold; and similar factors. Arbo Works does not consider any client referrals from a broker/dealer when determining best execution, or when placing client trades.

Arbo Works is not obligated to choose the broker/dealer offering the lowest available commission rate if, in Arbo Works' reasonable judgment, the total cost or proceeds from the transaction may be less favorable than what may be obtained elsewhere or if a higher commission is justified by the service and/or research provided by another broker/dealer.

Arbo Works has implemented a policy to address the conflicts of interest associated with its brokerage practices. To determine that it is receiving best execution for its transactions over time, Arbo Works will obtain information as to the general level of commission rates being charged by the brokerage community, from time to time, and may periodically evaluate the overall reasonableness of brokerage commissions paid on client transactions by reference to such data. Currently, all client transactions are executed via market on close ("MOC") orders. Arbo utilizes MOC orders in an effort to mitigate some conflict of interest, as all clients transacting in a particular security will receive the same price. In addition, Arbo Works may review MOC prices obtained against the volume-weighted average price ("VWAP") to seek to determine whether MOC pricing meets best execution standards. In performing this review, Arbo Works seeks to determine if execution was generally favorable over time. To the extent Arbo Works may be paying higher commission rates for its transactions, Arbo Works will determine if the quality of execution and the services provided by the broker/dealer justify these higher commissions. Arbo Works may cease to do business with certain exchange members, brokers or dealers whose performance may not have been competitive or may demand that such persons improve their performance before receiving any further orders.

#### Directed Brokerage

Arbo Works requires its clients to use a specified broker/dealer for portfolio transactions in their accounts. These brokers are the custodians who have been elected to maintain custody of client assets.

#### Cross Trades

Arbo Works does not engage in cross transactions as a matter of policy.

#### Soft Dollars

Arbo Works does not currently engage in soft dollar arrangements with its brokers or custodians.

#### Commission Sharing Arrangement

Arbo Works does not currently engage in commission-sharing arrangements with its brokers or custodians.

#### Trade Aggregation and Trade Sequence

Arbo may utilize individual account or block trading. Selection will seek to favor best client execution. Accounts are subject to constant, randomized algorithmic analysis in order to make appropriate

transaction selections for each account. All transactions are then effected via market on close ("MOC") orders. In the event of a partial fill of a block order or an individual account order, shares are allocated on a pro-rata basis.

#### Initial Public Offerings

Arbo Works does not offer investments in Initial Public Offerings to its clients at this time.

#### Trade Errors

Arbo Works has established error correction procedures which provide that the resolution of errors be made in light of the Adviser's fiduciary duties and in placing an affected client's interest before that of the Firm. It is Arbo Works' policy to resolve any error identified in a client account in a manner that the Firm believes results in no harm to the account.

In resolving trade errors, any net losses require reimbursement from Arbo Works. Any net gains will be allocated to the client's account. Where the custodian/broker-dealer is the source of trade errors, Arbo Works will seek reimbursement from such custodian/broker-dealer.

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

Arbo Works has the ability to algorithmically review all accounts at least daily. Arbo Works performs ongoing monitoring of client accounts through the multiple Algorithms. However, in circumstances where Arbo Works has identified a discrepancy, an Arbo Works employee will review such discrepancies and facilitate the reconciliation process with the custodian/ broker-dealer. Arbo Works currently provides reports to clients only through its Platform. Statements are provided to clients by the Custodian on at least a quarterly basis, as described in Item 15.

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

Arbo Works does not receive economic benefits from third-parties for providing investment recommendations, nor do we compensate or receive compensation from any third-party for client referrals.

Arbo Works does not utilize third-party solicitors for the purposes of obtaining new clients. Arbo Works may occasionally compensate current clients for referrals as permitted by the Investment Advisers Act of 1940 Rule 206(4)-3.

### **Item 15      Custody**

Arbo Works has appointed an independent qualified custodian as its agent to hold custody of clients' funds and securities. Such custodians may be broker/dealers, banks, trust companies, or other qualified institutions. The qualified custodian will provide the client with at least quarterly account statements relating to the assets held within the account managed by Arbo Works. Each client should carefully review the qualified custodian's statement upon receipt to determine that it completely and accurately states all holdings in the client's account and all account activity over the relevant period. Any discrepancies identified by a client should be immediately reported to Arbo Works and/or the qualified custodian. Such questions, concerns, or discrepancies may be communicated to Arbo Works by writing, e-mailing, or telephoning us at the contact information listed in "Item 1 – Cover Page" of this Brochure.

### **Item 16      Investment Discretion**

Arbo Works is typically granted discretionary authority by a client at the outset of an advisory relationship to determine the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives of each client account. When selecting securities and determining amounts of securities for purchase or sale, Arbo Works observes the investment policies, limitations, and restrictions that are applicable to our clients' accounts, as set forth by our clients. Any investment guidelines and restrictions, including amendments, must be provided to Arbo Works by our clients in writing. A client will typically grant Arbo Works discretionary authority by executing an Investment Management Agreement, which includes, among other items, a statement giving Arbo Works authority to invest the assets, which are identified by the client, in a manner consistent with the investment objectives and limitations delineated by the client, and to engage in transactions on a discretionary basis in the client account.

As noted above, the Adviser also allows for non-discretionary accounts, whereby the client has the final and ultimate authority to decide whether to employ strategies or execute transactions that are recommended by Arbo Works.

**Item 17      Voting Client Securities**

Arbo Works does not have authority to vote securities on behalf of clients and does not provide advice as to how clients should vote.

**Item 18      Financial information**

Arbo Works does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and does not have any financial condition that would impair its ability to meet contractual commitments to clients.

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

This item is not applicable to Arbo Works.