

Marketocracy Masters, Inc.

DBA Marketocracy Masters Capital Management, LLC

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This brochure provides information about the qualification and business practices of Marketocracy Masters, Inc. If you have any questions about the contents of this brochure, please contact us at 1-313-949-8395. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Marketocracy Masters, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Registration does not imply a certain level of skill or training, and no inference to the contrary should be made.

March 22, 2022

Material Changes

There are no material changes since our last brochure dated July 8, 2021.

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Advisory Business

Firm Description

Formed May 2021, Marketocracy Masters, Inc. is a registered investment advisor, doing business as Marketocracy Capital Management, LLC (“Marketocracy” or the “Firm”), offering investment advisor services, as further described below, through the internet.

Principal Owners

Glen Brownworth, Director and Chief Technology Officer, is the principal owner of Marketocracy.

Types of Advisory Services

Marketocracy Masters is an internet-based advisor which uses an algorithm created to manage client accounts based on their individual financial situation and goals. Clients provide information about themselves and their investment objectives exclusively through the Marketocracy Masters interactive website.

The algorithm considers client inputs including but not limited to income, assets, debts, age, expenses, risk tolerance, and personal goals to create and manage a portfolio invested into one or more of the model portfolios managed by our Masters, and or the Master’s Investment Committee. Clients have the option to override the recommended portfolio created by the algorithm and choose one or more of the model portfolios managed by our Masters, and or the Master’s Investment Committee.

Clients will electronically enter into an advisory agreement with Marketocracy and open a brokerage account with Interactive Brokers, an independently registered broker dealer acting as the custodian of client accounts. Marketocracy will maintain discretion over client accounts.

The algorithm uses the following assumptions in recommending client portfolios:

- A lower risk level is preferred over a higher risk level for the same level of return
- An individual security impacts the risk and return profile of an entire portfolio, therefore diversified portfolios can outperform while reducing risk and volatility
- Assets in a portfolio that have a negative correlation, could realize stronger returns rather than exclusively holding one type of asset within a portfolio

The algorithm may also have limitations that include:

- Minimalizing risk may limit returns
- Our algorithm is focused on long-term investing and may lead to short term declines from time to time
- The lack of updated information on a timely basis by a client

Risks inherent in the use of an algorithm may include:

- The inability to react to significant events on an intraday basis
- The inability to recognize prolonged changes in market conditions
- Technology failures
- Systemic risk may be amplified

Conditions that might cause Marketocracy Masters to override the algorithm include:

- Significant events that move the market or an individual asset on an intraday basis
- Prolonged changes in market conditions
- Technology failures

Our algorithms are created by our management team in conjunction with Ping Software USA, which is also a shareholder of the company.

Clients should review and update their personal information at least yearly and whenever a significant life event occurs that changes one or more of the original inputs.

Tailored Relationships

Clients will not be allowed to place restrictions on their accounts.

Client Assets

As of December 31, 2021, Marketocracy has \$1,300,000 in discretionary assets under management.

Fees and Compensation

Description

Marketocracy is compensated for its services by charging and receiving a management fee based on the client's total assets under management. The management fee is a percentage of client assets, which is calculated daily based on daily end-of-day market value, billed monthly in arrears based on the accounts opened online, and deducted directly from the client's account by the independent custodian, Interactive Brokers.

The fee schedule is as follows:

with a minimum of \$500 to open an account -	0.95% annual fee
with a minimum of \$50,000 to open an account -	0.85% annual fee
with a minimum of \$100,000 to open an account -	0.75% annual fee
with a minimum of \$1,000,000 to open an account -	0.50% annual fee
with a minimum of \$10,000,000 to open an account -	0.25% annual fee

The Firm may reduce or waive its fee at its sole discretion.

Other Fees

Clients should recognize that all fees paid to Marketocracy are separate from the fees and expenses charged by ETFs and mutual funds. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee.

Clients pay costs such as brokerage commissions, transfer taxes, trade away fees, minimum activity fees, allocation fees and other fees charged by the broker for executing security trades, which are separate from the fees charged by the Firm. Please see the section entitled "Brokerage Practices" for more information on how Marketocracy selects its broker-dealers.

Termination of Services

A client, or Marketocracy, may terminate services at any-time, for any reason or no reason, by written notification through the interactive website. Fees will be pro-rated to the date of termination.

Performance-Based Fees & Side-by-Side Management

Marketocracy does not charge a performance-based fee.

Types of Clients

Description

As of the date of this brochure, all of Marketocracy's clients are individuals. However, the services offered through the interactive website are suitable for both individuals and institutions.

Account Minimums

Marketocracy will recommend a minimum of \$500 to invest in one of the Model Portfolios, however, lesser amounts may be accepted at the discretion of Marketocracy.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

There is no specific method of analysis employed for the Model Portfolios. Each Master is given the flexibility to implement whatever methods they feel reasonable to manage the Model Portfolio. The House Portfolios are managed by an Investment Committee, using a variety of methods.

Investment Strategies

Each Model Portfolio has its own unique objectives, risk tolerances and investments, which are fully disclosed on the Firm's interactive website. The type of securities include but are not limited to stocks, ADRs, options, ETFs, Mutual Funds and fixed income. Generally, options, futures, leverage and shorting are not allowed within each Model Portfolio.

Risk of Loss

Although Marketocracy makes every effort to preserve each client's capital and achieve real growth of wealth, **investing in markets involves risk of loss that each client should be prepared to bear.** All Model Programs have certain risks that are borne by the investor. While Marketocracy's investment approach constantly keeps the risk of loss in mind, there are no guarantees in the markets.

While not an exhaustive list, below are some of key risks clients should be aware of when investing their assets with Marketocracy:

Software Risk: Clients should understand that the algorithm is entirely dependent on receiving accurate information from clients. If clients provide inaccurate information with regard to a client's assets, goals, risk aversion and time horizon, or if a client fails to update promptly their information when it changes, it could materially impact the quality and applicability of the algorithm's recommendations. Though the algorithm provides a recommendation based on information received from the client, the client is ultimately responsible for the selection of an appropriate Model Portfolio and for inputting changes to the client's assets, goals, risk aversion and time horizon. However, Marketocracy has ultimate discretion and the capability to override the algorithm Model Portfolio recommendations and will do so when in the client's best interest. Any changes to the algorithm must be communicated in writing. Clients may update their information on the Firm's website. Information should be updated whenever there are changes to a client's assets, goals, risk aversion and time horizon.

Equity Security Risk: Clients should be aware that stock values fluctuate. Generally, their worth is based directly on the performance of the specific company. Individual stock values will also be impacted by the general movement of the stock market. Clients should be aware that when investing in stocks, the risk of significant loss exists.

Fixed Income Security Risk: The value of bonds is subject to movements in interest rates, along with the all important structure and the credit characteristics of the individual securities. Clients investing in bonds should be aware that there is moderate risk of loss. The value of both stocks and bonds are influenced by economic conditions both domestically and globally.

Exchange Traded Funds and Mutual Funds: An investment in an ETF or mutual fund involves risk, including the potential loss of principal. Mutual fund and ETF shareholders are subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Shareholders in funds also are responsible for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event, they sell securities for a profit that cannot be offset by a corresponding loss. The managers of the ETFs and mutual funds selected also may make poor investment decisions that cause them to underperform the benchmarks to which they compare their performance.

Disciplinary Information

Marketocracy does not believe there has been any legal or disciplinary event regarding itself or any of its counselors or other related persons that is material to an evaluation of Marketocracy's integrity or ability to meet contractual commitments to clients. The following, however, has occurred:

In July 2013, Eugene Groysman was suspended from associating with any FINRA member firm in any capacity for six months for failing to respond to FINRA requests for information and documentation regarding his use of third-party websites, use of unapproved advertising materials, outside business activity, and disclosure of reportable events and Form U4 amendments in a complete and timely manner. The suspension ended in January 2014. Mr. Groysman serves as Vice President and Chief Compliance Officer of Marketocracy.

Other Financial Industry Activities and Affiliations

Marketocracy nor any supervised persons of Marketocracy is affiliated with any entity, registered as a broker-dealer, a futures commission merchant, commodity pool operator, or a commodity trading adviser.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Marketocracy seeks to avoid conflicts of interest that could arise if its employees engage in personal investing for their own accounts. Marketocracy has adopted a Code of Ethics which defines the standard of conduct that employees are required to maintain. The Code of Ethics includes provisions relating to personal securities trading and reporting procedures, conflicts of interest, and insider trading among other things. All Marketocracy personnel must acknowledge the terms of the Code of Ethics upon hire, and when amendments are implemented.

Clients or prospective clients may contact Marketocracy to request a copy of the firm's Code of Ethics.

Invest in Same Securities Recommended to Clients

Marketocracy employees are permitted to buy and sell securities for their own personal investment accounts provided they comply with the Code of Ethics' procedures and reporting requirements which are designed to prevent any potential conflict of interest with client transactions. Marketocracy believes that these procedures are adequate to prevent any intentional or inadvertent conflict of interest. However, it is possible that, from time to time, Marketocracy may recommend to clients, or purchase for or sell from clients' portfolios, securities that are also held in the personal investment portfolios of Marketocracy employees.

Personal Trading Policies

Marketocracy has a policy in place to monitor the personal securities transactions and securities holdings of its employees and their immediate family members. Marketocracy's policy requires that each employee and their immediate family members provide the Chief Compliance Officer with a written report of his or her current securities holdings within ten (10) days after becoming an employee and annually thereafter. In addition, each employee and their immediate family member must provide the Chief Compliance Officer transactions on a quarterly basis.

Brokerage Practices

Selecting Brokerage Firms

Marketocracy places all trades with Interactive Brokers when effecting securities transactions for the client's managed by Marketocracy. Clients must open a custodial account with Interactive Brokers to utilize the investment advisory services offered by our Firm. The Firm believes Interactive Brokers

provides it with high-quality executions, low fees, and a high level of financial stability. Marketocracy is not affiliated and does not receive any compensation or referrals in exchange for utilizing Interactive Brokers. Clients will not be able to select another broker-dealer. As a result, Marketocracy will not be able to negotiate commissions paid to Interactive Brokers, and clients may pay smaller fees to another broker-dealer for similar services.

Research and Soft Dollars

Marketocracy does not have soft dollar arrangements.

Interactive Brokers makes available to Marketocracy other products and services that benefit Marketocracy but may not necessarily benefit its clients' accounts. Some of these other products and services assist Marketocracy in managing and administering clients' accounts. These services are listed and described on Interactive Brokers website and may include a system used to manage client relationships and consulting. These free services may change from time to time without notice to Marketocracy. Marketocracy does not receive a monetary benefit for use of these services.

Order Aggregation

In those instances where Marketocracy believes it is in the best interests of a client to do so, we will “block” (combine) the client’s order with those of other clients having similar orders for the purpose of obtaining an advantageous average price for all accounts participating in the block. Any decision not to block a transaction with those of other clients is based upon Marketocracy deciding that it is more beneficial to time transactions for the benefit of each client’s account individually.

Review of Accounts

Periodic Reviews

Clients will have real-time access to their portfolio within the Firm’s interactive website. Review of a client account is triggered upon a client modifying their investment objectives through the Firm’s interactive website.

Regular Reports

Marketocracy shall be under no obligation to provide regular reports to clients. Clients can access their custodial statements from Interactive Brokers, which will be made available no less than monthly.

Client Referrals and Other Compensation

Marketocracy does not currently have any relationships with third parties to refer clients. However, Marketocracy may do so in the future, in which case this brochure will be updated and all clients referred will be made aware of the conflicts associated.

Custody

Marketocracy does not maintain physical custody of client accounts, however in its capacity to instruct the custodian to withdraw its management fees directly from clients has been deemed to have indirect custody. To mitigate this, Marketocracy ensures all client assets are held at an independent qualified custodian.

Investment Discretion

Marketocracy has discretionary authority with respect to the investment decisions made on behalf of clients pursuant to the terms of the Investment Advisory Agreement.

Voting Client Securities

Marketocracy will not receive and vote proxies or receive annual reports on issues held in your account(s). The custodian will send all expected proxy and report information directly to you. You cannot contact Marketocracy for questions on your proxy votes.

Financial Information

Marketocracy has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.