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**March 21, 2023**

**FORM ADV PART 2A. BROCHURE**

**This brochure provides information about the qualifications and business practices of KNICKERBOCKER ADVISORS INC. If you have any questions about the contents of this brochure, please contact us at 518-398-9000. 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 Knickerbocker Advisors Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Knickerbocker Advisors Inc. is 118553.**

**Knickerbocker Advisors Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

***Material Changes***

**Form ADV Part 2A, Item 2**

**Since the last annual filing, dated March 28, 2022, there have been no material changes.**

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## *Advisory Business*

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Knickerbocker Advisors Inc.'s registration was granted by the United States Securities and Exchange Commission on April 11, 2006. John Henry Low (CRD Number 2574180) owns one hundred (100%) percent of the equity of the firm and is the President, Secretary, Treasurer and Chief Compliance Officer. Constanza Low (CRD Number 4490651) is Vice President of the firm. The firm is not publicly owned or traded. There are no indirect owners of the firm. The firm manages each client's portfolio on an individualized basis. Clients may impose restrictions on their accounts. The firm does not sponsor any wrap programs. As of December 31, 2022, the firm managed assets on a discretionary basis in the amount of \$113,027,741, representing 96 accounts.

The Firm offers asset management services including investment advice and investment supervisory services on a discretionary basis to individuals, corporations, pensions and other retirement accounts, trusts, estates, charitable organizations and other entities. This service includes asset allocation and investment recommendation and selection based on the client's financial positions and investment goals. Investment selection includes equities, fixed income, real estate and commodities in all forms, bought usually, but not exclusively, through mutual funds and exchange traded funds (ETFs).

For such services, the Firm receives an asset management fee, usually based upon a percentage of the market value of assets under management or advisory, subject to a minimum fee charge. This fee schedule appears below. Firm may negotiate fees which vary from this schedule. Firm may aggregate related account totals for the purpose of fee calculation. Customized products and services may be requested by clients and fees for such services may be negotiated separately. Firm does not publish or issue any publications or charts on a fee or subscription basis, but does provide newsletters and studies to its clients and prospective clients from time to time, at no charge.

Firm may also offer investment advice on a consulting basis, without managing assets. The fee for this service is also noted on the fee schedule below. Firm may negotiate consulting fees which vary from this schedule.

The Firm from time to time may offer advice on matters not involving securities, including advice pertaining to banking, debt, planning, etc. Charges for such advice are subject to negotiation, and may be on a fixed fee or hourly basis. With respect to fixed fees, these will generally be payable upon completion of the project. However, there may be situations in which a retainer payment is required. For clients of investment advisory services, such fees for the offer of matters not pertaining directly to investment advice are usually included in the asset management fee.

## *Fees and Compensation*

Form ADV Part 2A, Item 5

Asset management fees are normally payable on a quarterly basis, and based on the asset value at the end of that quarter. Clients are billed or charged in arrears, that is, following the quarter for which services were provided, and one quarter of the Annual Fee will be charged. Advisory fees are directly debited from client accounts. A client may request the termination of the advisory relationship with the Firm at any time. Pursuant to the receipt of such request in writing, the Firm will terminate the relationship within 30 days.

### Standard Fee Schedule:

### Annual Fee:

On the first	\$500,000	2.00%
On the next	\$250,000	1.50%
On the next	\$250,000	1.00%
On the next	\$1,000,000	0.75%
On the next	\$3,000,000	0.60%
On the balance above	\$5,000,000	0.50%

Minimum Annual Fee                \$10,000

Consulting Fee                        \$300 per hour

(Consulting Fee is for services not included in Asset Management)

There are two separate instances in which fixed fees shall be assessed by the applicant. The first involves situations in which the advisory client is charged a flat fee of \$10,000 since such a client's assets do not rise to the level of which a percentage fee would become operative. The second such instance would involve a situation in which the applicant engages in hourly consulting services in exchange for a fixed fee to be charged.

Clients are responsible for all custodial and brokerage fees for their accounts. In addition, clients' investments usually include shares of investment companies (mutual funds) and ETFs. Mutual funds and ETFs charge their own management and other fees which affect the pre-tax returns of all mutual fund and ETF shareholders.

***Performance-Based Fees and Side-By-Side Management***

Form ADV Part 2A, Item 6

None.

### *Types of Clients*

Form ADV Part 2A, Item 7

Individuals, corporations, pensions and other retirement accounts, trusts, estates, charitable organizations and other entities.

There is no minimum account size although there is generally a minimum annual fee of \$10,000. The Firm may waive the minimum account fee on an individual case basis. The Firm may aggregate family accounts to meet any minimum.

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

Form ADV Part 2A, Item 8

Methods of securities analysis shall include fundamental analysis, cyclical analysis, technical analysis and/or charting.

**Asset allocation** is a key component of investment portfolio design. We believe that the appropriate allocation of assets across diverse investment categories is critical to the long-term success of one's financial objectives. We review the allocation at least annually, or as other circumstances dictate, and rebalance when needed.

**Modern Portfolio Theory (MPT)** We use Modern Portfolio Theory to help select the funds we use in your account. Modern portfolio theory tries to understand the market as a whole, rather than looking for what makes each investment opportunity unique. Investments are described statistically, in terms of their expected long-term return rate and their expected short-term volatility. The volatility is equated with "risk," measuring how much worse than average an investment's bad years are likely to be. The end goal is to identify your acceptable level of risk tolerance, and then to find a portfolio with the maximum expected return for that level of risk.

Investment strategies that are done directly by the Firm or indirectly by mutual funds and ETFs held owned by the client shall be long term purchases (securities held at least a year), short term purchases (securities held less than a year), trading (securities held less than 30 days), short sales, margin transactions and option trading.

### **Material Risks Involved**

**All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear.** Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the success of the issuer's operations or its financial condition.

**Strategy Risk:** The Adviser's investment strategies and/or investment techniques may not work as intended.

**Small and Medium Cap Company Risk:** Securities of companies with small and micro market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

**IRA Rollover Considerations:** We may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an

asset-based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. Additionally, the investment options available to you in your employer's retirement plan may be lower cost than our services. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

### **Risks Associated with Securities**

**Exchange Traded Funds** prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected.

**Investment Companies Risk.** When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which clients invest.



***Disciplinary Information***

Form ADV Part 2A, Item 9

None.

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

Form ADV Part 2A, Item 10

On April 1, 2003, Knickerbocker Holdings LLC became a shareholder of a minority ownership interest of less than 2% in a savings and loan holding company, National Advisors Holdings, Inc. ("NAH"). Knickerbocker Holdings LLC, like the Firm, Knickerbocker Advisors Inc., is wholly owned by John Henry Low. NAH has formed a federally chartered trust company, National Advisors Trust Company ("NATC") and a South Dakota state chartered trust company, National Advisors Trust of South Dakota, Inc. ("NATSD"). Both NAH and NATC are regulated by the Office of the Comptroller of the Currency (OCC) (formerly by the Office of Thrift Supervision). NATC is also a member of the Federal Deposit Insurance Corporation (FDIC). While non-deposit accounts are not usually guaranteed by the FDIC, the FDIC is a regulator of NATC. NATSD is regulated by the Division of Banking of the South Dakota Department of Labor and Regulation. The trust companies provides a low cost and flexible alternative to traditional trust service providers, and the Firm intends to refer clients to NATC and NATSD for trust and custody services.

NATC and NATSD act as and can act as custodian and/or trustee of client accounts. Trades for accounts custodied at NATC and NATSD will generally be handled by a separate brokerage firm that is a vendor to, but not affiliated with NATC or NATSD. These brokerage firms may include, but are not limited to Fidelity Investments, Sungard Institutional Brokerage, and/or Pershing LLC / Bank of New York Mellon.

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

Form ADV Part 2A, Item 11

Pursuant to SEC Rule 204A-1, the Firm has adopted a written Code of Ethics which, among other things, requires the Chief Compliance Officer to monitor the personal securities transactions of associated persons. A copy of the firm's Code of Ethics is available to any and all clients and prospective clients upon request.

Employees of the Firm maintain and manage personal investment portfolios which may include the purchase and/or sale of securities recommended to and bought or sold for clients. No employee of the Firm may have any personal financial interest in any investment recommended to clients. It is the Firm's opinion and intention that the nature of its employees' personal investments (mutual fund companies and shares of liquid securities, such as Exchange Traded Funds or ETFs) is such that there is no conflict of interest with respect to client accounts.

#### **Investment Advice Relating to Retirement Accounts**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

In addition, and as required by this rule, we provide information regarding the services that we provide to you, and any material conflicts of interest, in this brochure and in your client agreement.

## ***Brokerage Practices***

Form ADV Part 2A, Item 12

The Firm maintains relationships with various discount broker-dealers such as, but not exclusively, TD Ameritrade (formerly TD Waterhouse, now part of Charles Schwab & Co.), Shareholders Service Group/Pershing LLC/Bank of New York Mellon, and Fidelity, which act as custodian and broker for client accounts. These discount brokers, however, are not related to the Firm. Firm receives and/or pays no fees or commission for the opening and/or maintenance of client accounts at these custodians/brokers. Firm may pay fees for ancillary services provided by such custodian/broker such as for electronic transmission of data. Such fees are paid directly by the Firm and not added to any client's fee.

The Firm has established relationships with a few custodians/brokers (typically discount broker/dealers as well as National Advisors Trust Company or NATC and its affiliate National Advisors Trust of South Dakota, Inc. (NATSD)) which have provided overall proficient levels of service. The Firm typically recommends these custodians/brokers to each client, and the client chooses a custodian/broker. If the client has no preference, final selection rests with the Firm.

NATC/NATSD acts as and can act as custodian and/or trustee of client accounts. Trades for accounts custodied at NATC/NATSD will generally be handled by a separate brokerage firm that is a vendor to, but not affiliated with NATC/NATSD. These brokerage firms may include, but are not limited to Fidelity Investments, Sungard Institutional Brokerage, and/or Pershing LLC / Bank of New York Mellon.

The selection of custodians/brokers used by the Firm is guided by an assessment of the custodian's/broker's track record and reputation within the investment community and ability to 1) offer a full array of investment products (including third party, open-ended, no-load mutual funds and ETFs) generally at some discount when compared with the typical commissions charged by full-service brokerage houses, 2) provide electronic interfaces and downloads directly to the Firm of investment account data to facilitate the Firm's monitoring of client accounts, and 3) to provide a service of high quality, including executing trades in an orderly and satisfactory manner, consistent quality of service, etc.

The Firm attempts to remain knowledgeable of general "Wall Street" practices and policies with respect to commission rates charged by most brokerage firms. However, once a custodial/brokerage relationship is established for an individual client, the Firm does not 'shop' for the lowest commission rates on each individual transaction. As such, the client may pay brokerage commissions in excess of those which other brokers might have charged for effecting the same transaction.

The Firm does not pay any custodian/broker for research services. The Firm may qualify for commission discounts based on various institutional programs offered by the custodians/brokers that it works with. An example of such would be a further discounted commission if trades are conducted electronically. While the Firm attempts to take advantage of any commission discounts, it may not always be possible to do so. As such, the Firm does not purport to seek out the lowest commission at any given custodian/broker.

Custodians/brokers may provide discounts on third party research to which the Firm may subscribe. In no way is the selection of a custodian/broker in any way dependent on the scope of such discounts. Such discounts are generally offered to all investment advisors who work with the custodian/broker. Again, such fees are paid directly by the Firm and not added to any client's fees.

### ***Review of Accounts***

Form ADV Part 2A, Item 13

The Firm reviews and monitors accounts on an on-going basis. All reviews are undertaken by John Henry Low, President, Secretary and Treasurer, and/or Constanza F. A. Low, Vice-President. Both Mr. Low and Ms. Low have advanced degrees in finance and direct investment experience. Reviews include a continuous assessment of all holdings with respect to the objectives of each account.

The Firm typically provides clients with written quarterly reviews of asset management accounts. Different frequency or level of information may be requested by the client. The client also receives monthly statements of assets and income and principal transactions, as well as trade confirmations, directly from the custodian/broker.

***Client Referrals and Other Compensation***

Form ADV Part 2A, Item 14

We do not receive any economic benefit, directly or indirectly from any third party for advice rendered to our clients. Nor do we directly or indirectly compensate any person who is not advisory personnel for client referrals.

## *Custody*

Form ADV Part 2A, Item 15

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements or reports that we may provide to you. Our statements or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

**Standing Letters of Authorization:** The Firm does maintain a standing letter of authorization (SLOA) where the funds or securities are being sent to a third party, and the following conditions are met:

- a. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- b. The client authorizes the Firm, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- c. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- d. The client has the ability to terminate or change the instruction to the client's qualified custodian.
- e. The Firm has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- f. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.
- g. The Firm maintains records showing that the third party is not a related party of the Firm or located at the same address as the Firm.

### ***Investment Discretion***

Form ADV Part 2A, Item 16

For those client accounts where we provide investment management services, we maintain discretion over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. Investment discretion is explained to clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the client will execute a Limited Power of Attorney, which will grant our firm discretion over the account. Additionally, the discretionary relationship will be outlined in the advisory contract and signed by the client. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.



***Voting Client Securities***

Form ADV Part 2A, Item 17

The firm does not vote proxy statements on behalf of advisory clients.

***Financial Information***

Form ADV Part 2A, Item 18

No financial reporting is required as the firm does not receive fees more than six months in advance.

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