

# Part 2A of Form ADV:

Firm Brochure

March 30, 2024

This firm brochure provides information about the qualifications and business practices of Altruist LLC (“Altruist”). If you have any questions about the contents of this Brochure, please contact us via email at [hello@altruist.com](mailto:hello@altruist.com). 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.

Altruist is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information that you may use to determine whether to hire or retain them.

Additional information about Altruist is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Altruist is 299398. The SEC’s website also provides information about any persons affiliated with Altruist who are registered, or are required to be registered, as investment adviser representatives of Altruist.

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## Item 2 – Material Changes

This document is the Part 2A Firm Brochure (the “Brochure”) for Altruist. Pursuant to the United States Securities and Exchange Commission’s (the “SEC”) requirements and rules, Altruist clients will receive a summary of any material changes to this brochure within one hundred twenty days of the close of Altruist’s fiscal year.

Material changes in this amendment include:

- Reorganized sections throughout this document to align with Form ADV Part 2A instructions.
- Added details to Item (4) Services, Fees and Compensation regarding minimum investment amounts for the Strategist model portfolio series , the Strategist Direct Index when used as a standalone strategy within a blended model portfolio and Separately Managed Account (“SMA”) model portfolios) within the Allocation TPA Program.
- Added details to Item (6) regarding Third-Party Advisors’ ability to create blended model portfolios comprised of TPA Models and TPA Portfolios.
- Added details to Item (6) Portfolio Manager Selection and Evaluation and Item (10) Other Financial Industry Activities and Affiliations regarding monetary compensation received by Altruist from certain third-party model providers (or their affiliates) in the form of onboarding and/or ongoing subscription fees, and instructions to reference Item (14) Client Referrals and Other Compensation where applicable regarding other compensation.
- Added details to Item (14) Client Referrals and other Compensation disclosing monetary compensation received by Altruist in the form of onboarding and/or ongoing monthly subscription fees charged to certain Third-Party Model Providers (or their affiliates), identifying the conflict of interest this presents to the extent that Altruist has a financial incentive to encourage Third-Party Advisors to select certain portfolios of Third-Party Model Providers that provide economic benefits to Altruist over others that are not providing an economic benefit, and how Altruist believes this conflict is mitigated in that Altruist does not provide investment advice or recommendations to Third-Party Advisors or TPA Users, Altruist does not exercise or maintain discretion over TPA Users’ accounts, and Altruist has no discretion or decisioning authority as to which model portfolios are subscribed to TPA Users’ accounts.
- Added details to Item (15) Custody that TPA Users receive account statements from Altruist Financial LLC as self-clearing custodian or Apex where applicable, with references to carefully review and report any discrepancies to Altruist.
- Added Item (16) Investment Discretion to clarify that Altruist does not exercise discretion over TPA Users’ accounts. This item also describes Altruist’s non-discretionary advisory services provided through its Model Marketplace via the Allocation TPA Program hosted on its Website and Altruist’s capacity as limited agent of each Third-Party Advisor for implementing the Third-Party Advisor’s investment advice and directions.

A full copy of the Brochure may be requested at any time, without charge, by contacting Altruist at [hello@altruist.com](mailto:hello@altruist.com) or by checking our website at [www.Altruist.com](http://www.Altruist.com).

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#### **Item 4 – Services, Fees and Compensation**

Altruist was founded on October 8, 2018. Additional information about Altruist is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Altruist is 299398. The SEC’s website also provides information about any persons affiliated with Altruist who are registered as investment adviser representatives of Altruist in any state.

Altruist is a registered investment adviser which offers a model investment portfolio marketplace (“Model Marketplace”) through an automated platform on its website. Altruist’s parent company, Altruist Corp, also offers certain accounting software to assist independent third party SEC- and state-registered investment advisers (“Third-Party Advisors”), and Altruist’s affiliated broker-dealer, Altruist Financial LLC, offers a brokerage platform to Third-Party Advisors to open and manage client investment accounts. Neither Altruist nor any of its affiliates offers tax, accounting or legal advice.

Altruist is a wholly owned subsidiary of Altruist Corp, a privately owned Delaware Corporation headquartered in Culver City, California.

#### **Allocation TPA Program**

Altruist provides web-based non-discretionary advisory services through its Model Marketplace. Altruist calls this program the Altruist Asset Allocation Third-Party Advisor program (the “Allocation TPA Program”) and charges fees based on the value of assets subscribed to the Allocation TPA Program. The Allocation TPA Program is provided via Altruist and its affiliates’ proprietary platform located at [www.altruist.com](http://www.altruist.com) (the “Website”). The services included in the Allocation TPA Program are the provision of Altruist generated model portfolios and the licensing of third-party-provided model portfolios (“Third-Party Portfolios”) for use by Third-Party Advisors in advising their respective clients (the “TPA Users”). The services are delivered solely through the Website.

Altruist does not provide its services in person or over the phone or in any manner other than through the Website. Altruist encourages visiting the Website for additional information.

Altruist's services are designed to assist Third-Party Advisors. Such Third-Party Advisors, in turn, act as investment advisers to TPA Users investing through the Allocation TPA Program.

The Allocation TPA Program is a proprietary automated investment management platform for use by Third-Party Advisors to advise their respective TPA Users through customized portfolios of exchange traded funds ("ETFs"), publicly-traded equities, fixed income securities, mutual funds, and closed-end funds ("CEFs") (collectively, "Investments"). In connection with the Allocation TPA Program, Altruist's affiliates provide Third-Party Advisors with portfolio accounting, trading, and account management software.

Altruist acts as the limited agent of each Third-Party Advisor for the purposes of implementing the Third-Party Advisor's investment advice and directions, including by:

1. Reflecting the Third-Party Advisor's configuration of TPA User model portfolios and accounts participating in the Allocation TPA Program on the Website;
2. Operating the Allocation TPA Program to (a) implement the Third-Party Advisor's directions with regard to portfolio selections, allocations, modifications and replacements for the TPA Users' accounts, and (b) perform the automatic rebalancing for the TPA Users' accounts in accordance with the Third-Party Advisors' directions; and
3. Initiating the trade order management process via Altruist Financial LLC, which executes, clears and settles transactions through its independent clearing firm, Apex Clearing Corporation ("Apex"), until approximately April 2023, and through itself as a self-clearing broker-dealer and custodian, starting approximately April 2023.

Third-Party Advisors and TPA Users are urged to compare any account activity or other information made available on the Website to account statements and confirmations provided by Apex through April 2023 or by Altruist Financial LLC beginning April 2023 (as the custodian of all TPA User accounts on the Allocation TPA Program).

The Investments in each TPA User's account are held in a separate account in the name of the TPA User with Apex, after being introduced by Altruist Financial LLC, or with Altruist Financial LLC as a self-clearing custodian. All accounts managed by a Third-Party Advisor through the Website are required to use Apex until approximately April, 2023, and Altruist Financial LLC beginning approximately April, 2023, as the custodian.

The ETFs, publicly-traded equities, and mutual funds purchased or sold on behalf of a TPA User and/or held in TPA Users' accounts can be either whole shares or fractional shares, depending upon the amounts a TPA User invests in the particular security. The Website enables dollar-based investing, whereby a Third-Party Advisor can buy a fixed dollar amount rather than whole shares for its TPA Users. Altruist Financial LLC, acting as agent of TPA Users in the transactions, aggregates all dollar-based purchases and places whole share orders for executions. Thereafter, Altruist Financial LLC allocates the fractional shares to the individual accounts of participating TPA Users. Fractional shares, however, are typically not transferable outside of a TPA User's brokerage account because the financial system in the United States currently is structured only to accommodate transfers of full shares. As a result, fractional shares are typically not marketable or transferrable to another brokerage account.

In the event of a liquidation or transfer of the assets in a TPA User's brokerage account to another account, Altruist Financial LLC will convert such fractional shares to cash.

Third-Party Advisors, who act as investment advisers and agents for their TPA Users, enter into Altruist's Model Marketplace Agreement, which further details the services provided through the Allocation TPA Program, the fees charged for such services, and

other terms and conditions of the Allocation TPA Program. Altruist does not provide overall financial planning services to any TPA User, nor does it provide tax advice.

Summary of Roles and Responsibilities in the Allocation TPA Program (table):

<u>Party</u>	<u>Investment Adviser to TPA User</u>	<u>Primary Contact for TPA User</u>	<u>Trading Authority on Accounts</u>	<u>Responsible for Suitability of Investments</u>	<u>Provides/Generates Model Portfolios</u>	<u>Model Marketplace Fees Charged by Altruist for Model Portfolios Provided by this Party</u>	<u>Tax Management Tool Fee (optional) Charged by Altruist on these Model Portfolios</u>
Altruist	No	No	No	No	Altruist generated portfolios	Model Portfolio Fee	No
Third-Party Advisor	Yes	Yes	Yes	Yes	TPA Models - TPA Portfolios	None	Yes
TPA User	N/A	N/A	N/A	Partially*	N/A	N/A	N/A
Third-party provider	No	No	No	No	Third-Party Portfolios	Model Licensing Fee	No

\*TPA Users are to reconfirm annually or update as needed with their Third-Party Advisor their current profile information, financial circumstances, and investment objectives.

## Fees and Compensation

Altruist will instruct Altruist Financial LLC – and by extension where appropriate, Apex – as the custodian for the Allocation TPA Program, and Altruist Financial LLC or Apex will act on such instructions, to deduct and pay to Altruist fees charged by Altruist for the Allocation TPA Program (“Model Marketplace Fees”, “Tax Management Tool Fee”) from Third-Party Advisors’ firm brokerage accounts or TPA Users’ brokerage accounts, according to the instructions of the Third-Party Advisors and as authorized by the TPA Users. Separately, the Third-Party Advisors will instruct Apex or Altruist Financial LLC - through the portfolio accounting software features of the Website - to deduct their advisory fees from the TPA Users, according to the authorization of the TPA Users.

Altruist's Model Marketplace Fees are based on a percentage of the market value of the assets in an account that are invested in model portfolios made available in the Allocation TPA Program, and generally range from 0.00% to 1.00%. Specific fees for each model portfolio can be found on the Altruist LLC Fee Schedule available at <http://altruist.com/legal>.

The Tax Management Tool Fee is charged by Altruist for Third-Party Advisors' usage of Altruist's tax management tools in connection with the Third-Party Advisors' management of TPA User accounts. The Tax Management Tool Fee is charged on assets invested in TPA Models and TPA Portfolios (as defined below). This fee will be charged on the portion of assets in a TPA User account which are invested in TPA Models and TPA Portfolios, exclusive of assets invested in Model Marketplace model portfolios. Altruist's Tax Management Tool Fee will range generally from 0.00% to 1.00% and can be found on the Altruist LLC Fee Schedule available at <http://altruist.com/legal>.

Altruist's fees are charged on a pro-rata annualized basis monthly in arrears based on the value of assets in TPA User accounts which are enrolled in the Allocation TPA Program and are subscribed to model portfolios or are utilizing tax management tools at any point during the previous month. The TPA User should consult with their respective Third-Party Advisor on the specifics of the Third-Party Advisor's practices or arrangements with respect to Altruist's Model Marketplace Fees and Tax Management Tool Fee, including as to whether the Third-Party Advisor will pay the fees or pass them on to the TPA User, as well as the Third-Party Advisor's own advisory and other fees.

Third-Party Advisors will pay a monthly subscription fee to Altruist Corp for portfolio accounting software ("Accounting Software") and general access to the Website.

As of the date of this Brochure, there are no minimum account size requirements for most model portfolios in the Model Marketplace. However, the Altruist generated Strategist model portfolio series has a minimum investment which starts at \$2,000 and



varies depending on the equity allocation of the model portfolio. Additionally, the Altruist Strategist Direct Index, when used as a standalone strategy (via Unified Managed Accounts) has a \$1,200 investment minimum. Please refer to the Strategist fact sheet found on the Website for more details on minimums. Separately Managed Account (“SMA”) model portfolios have minimums starting at \$1,000. Altruist reserves the right to impose minimum account sizes or values in the future at its discretion. Fees are not negotiable.

Altruist or a Third-Party Advisor can terminate the Third-Party Advisor’s participation in the Allocation TPA Program at any time generally or as to any TPA User. Each TPA User can also terminate its Altruist Financial LLC brokerage account at any time pursuant to the brokerage account agreement with Apex or Altruist Financial LLC, as appropriate. Upon termination of a TPA User’s account, assets are transferred to another brokerage account or liquidated, according to the instructions of the Third- Party Advisor (if authorized by the TPA User) or TPA User, as soon as practicable and money is returned to the TPA User, if applicable. Once the account termination process is initiated, Altruist will only receive fees through the termination date (and not thereafter).

Altruist reserves the right to waive its fees or any part thereof for any period for any Third-Party Advisors or TPA Users in Altruist’s sole discretion. To this end, Altruist may, from time to time, elect to launch programs or initiatives whereby fees may be waived, in whole or in part, for certain categories of Third-Party Advisors or TPA Users. Any such program or initiative (i) is entirely discretionary to Altruist, and can be expanded, narrowed, suspended, canceled or modified at any time by Altruist, and (ii) will be subject to any rules, guidelines and/or terms and conditions created by Altruist in connection therewith (which rules, guidelines and/or terms may be included in website landing pages on the Website and/or elsewhere). To the extent any such program or initiative is canceled or terminated, applicable Third-Party Advisors or TPA Users will once again be charged the then-current fees on a going-forward basis. Altruist shall have sole discretion in determining whether or not any existing or potential Third-Party Advisor or TPA User meets the requirements to participate in and/or benefit from any such program or initiative.

### **Other Account Fees**

In the Allocation TPA Program, Altruist's fees do not cover other related costs and expenses, including certain charges imposed by Altruist's affiliates, custodians, and other third parties. These fees include transfer fees, administrative fees (such as for a returned check or wire transfer), and other fees. You should expect that Altruist's affiliated broker-dealer Altruist Financial LLC marks up these fees, including to cover its overhead and costs of doing business, reimburse its time and expense related to these fees, and to attain a profit.

Altruist's fees also do not cover the internal management, operating or distribution fees or expenses imposed or incurred by a mutual fund, CEF, ETF or other fund, that reduce the fund's net asset value and performance and affect a TPA User's portfolio performance or an index benchmark comparison. If a TPA User's assets are invested in any mutual funds, CEFs, ETFs or other funds, the TPA User will incur these fees and expenses. Further information regarding these fees and expenses may be found in the appropriate prospectus, offering memorandum or annual report applicable to the fund. Altruist's fees will not be reduced to account for the above additional fees and expenses. Third-Party Advisors and TPA Users should review all fees and expenses charged to fully understand the total amount of fees Third-Party Advisors and TPA Users will pay.

### **Item 5 – Account Requirements and Types of Clients**

Altruist's Allocation TPA Program is intended for use by Third-Party Advisors (and TPA Users) to provide TPA Users customized portfolios of ETFs, mutual funds, CEFs, fixed income securities or publicly-traded equities. Altruist's Website is available to Third-Party Advisors to open accounts for their eligible clients. Eligible clients generally include individuals, personal trusts, corporations, minors, and other types of clients.

As of the date of this Brochure, there are no minimum account size requirements for most model portfolios in the Model Marketplace. However, the Altruist generated

Strategist model portfolio series has a minimum investment which starts at \$2,000 and varies depending on the equity allocation of the model portfolio. Additionally, the Altruist Strategist Direct Index, when used as a standalone strategy (via Unified Managed Accounts) has a \$1,200 investment minimum. Please refer to the Strategist fact sheet found on the Website for more details on minimums. Separately Managed Account (“SMA”) model portfolios have minimums starting at \$1,000. Altruist reserves the right to impose minimum account sizes or values in the future at its discretion. Fees are not negotiable.

## **Item 6 – Portfolio Manager Selection and Evaluation**

### **Portfolio Managers and Advisory Business**

Altruist’s sole business is the investment advisory and model licensing services and tax management tools provided to Third-Party Advisors through the Allocation TPA Program.

The Allocation TPA Program is a program that provides Third-Party Advisors the ability to choose from and then customize portfolios of Investments for their TPA Users. Third-Party Advisors and/or TPA Users, not Altruist, are solely responsible for determining the investment strategy to be implemented for the TPA User and, as applicable, selecting from among the portfolios available through the Allocation TPA Program. Third-Party Advisors and/or TPA Users, not Altruist, are responsible for determining the suitability and appropriateness of the Allocation TPA Program (and its pricing) and the chosen investment strategy and portfolio for the TPA User’s investment needs and objectives. Altruist provides Third-Party Advisors and their TPA Users with access to Altruist and its affiliates’ proprietary platform for trade execution through Apex or Altruist Financial LLC, as appropriate.

The Allocation TPA Program is automated. Accordingly, Third-Party Advisors and TPA Users should be aware that:

- an algorithm is used to rebalance individual TPA User accounts upon selection of a portfolio by the TPA User’s Third-Party Advisor in accordance with directions from the Third-Party Advisor;

- the algorithm relies on back-tested information, and, thus, has material limitations, including that use of algorithms relying on back-tested information might not operate as expected or intended when events having few or no historical antecedents occur or where events depart from historical antecedents;
- the algorithm is based on a number of assumptions:
  - o any transaction fee is 0.05% for one-side trading (either buying or selling);
  - o the trading price is the daily close price for any ETF;
  - o expected asset return can be derived by statistical inference;
  - o correlations exist between different assets;
  - o investors are risk averse (i.e., active customers do not always take a high equity ratio in their portfolio);
  - o Markowitz's "efficient frontier" methodology provides expected risk/return optimization allocation strategy;
  - o no tax is included; and
  - o no slippage costs occur during rebalancing; Limitations of the algorithm

include, without limitation:

- imperfect estimation of the market turning point;
- expected return and expected correlation among different assets can significantly deviate from real market conditions due to unexpected events or investor panic;
- without rebalancing, the portfolio generated by the algorithm will not stay optimized over time;
- the algorithm used to rebalance TPA User accounts might rebalance TPA User accounts without regard to market conditions or on a more frequent basis than the TPA User or Third-Party Advisor might expect, and the algorithm might not address prolonged changes in market conditions;

- Altruist, its affiliated broker-dealer or other clearing firm might halt trading or take other temporary defensive measures in stressed market conditions or other circumstances in their discretion;
- Altruist owns and manages the algorithm;
- absent technical issues, there is no human involvement on the part of Altruist in the oversight of individual TPA User accounts; and
- If and when a TPA User has a material change to its financial standing or risk tolerance, the TPA User should promptly update the information he or she has provided to the Third-Party Advisor, and the Third-Party Advisor should then update that information with Altruist.

One Altruist employee constructs the Altruist generated portfolios in the Allocation TPA Program. Third-Party Advisors managing TPA User accounts in the Allocation TPA Program have the option to:

- select Altruist generated portfolios
- create their own models (“TPA Models”) or portfolios made up of models (“TPA Portfolios”),
- create blended portfolios made up of a combination of their own models (“TPA Models”) and third-party provided models (“TPA Portfolios”) or
- select a third-party portfolio (“Third-Party Portfolio”).

ETFs, mutual funds and other Investments which comprise the Altruist generated portfolios are selected via Altruist’s internal selection criteria. Altruist’s internal selection criteria includes, but is not limited to, assessing an Investment’s exposure to a given asset class or sector, how well the Investment tracks its benchmark, the Investment’s expenses generally, the liquidity prospect of the Investment vis-à-vis Altruist generated portfolios and the management of the Investment. ETFs and mutual funds themselves are managed by the relevant fund manager/sponsor. (These criteria are described in more detail below under “Methods of Analysis, Investment Strategies and Risk of Loss.”) Altruist does not manage, or control the Investments or their managers or third-party providers of Third-Party Portfolios. Altruist receives monetary compensation in the form of onboarding and/or ongoing subscription fees charged to certain third-party providers (or their affiliates) of Third-Party Portfolios at Altruist’s sole discretion. Refer to Item 14 – Client Referrals and Other Compensation for more details on this arrangement.

Third-Party Advisors are responsible for determining that any Altruist generated portfolios, TPA Models, TPA Portfolios, and Third-Party Portfolios they select are suitable for a TPA User given the TPA User's financial circumstances and investment objectives.

Third-Party Portfolios may include Investments sponsored by the third-party provider of the Third-Party Portfolio or an affiliate thereof, for which the third-party provider, or affiliate, receives fees. Such third-party provider is therefore subject to a conflict of interest in that it can be expected to be incentivized to include such affiliated investments in constructing such portfolios. To the extent any Third-Party Portfolio is updated by the applicable third-party provider, it should be expected that any such update will be made available on the Allocation TPA Program only after such updates are provided to other users of the Third-Party Portfolio (including affiliates of the relevant provider) or otherwise used in the management of other accounts, including accounts managed by the applicable third-party provider or its affiliates. You should expect that, by the time Third-Party Portfolio updates are made available on the Allocation TPA Program, the prices of the Investments in the Third-Party Portfolio will have already changed – potentially materially – especially where purchase or sale orders for an Investment are significant in relation to the Investment's average daily trading volume.

Rebalancing and initial investments are only performed during specific hours each day. There are inherent risks to the algorithms used to construct the Altruist generated portfolios, which could result in loss of capital. Altruist also relies on certain vendors, such as SmartLeaf, Amazon Web Services, and Google, in order to provide portfolio rebalancing. In the event that one of these vendors is unavailable, Altruist will not have the capability to rebalance the portfolio. TPA Portfolios are rebalanced on a passive or active basis, subject to the Third-Party Advisor's direction, by Altruist. Third-Party Portfolios are rebalanced by Altruist or the applicable third-party provider.

The Altruist generated portfolios' performance will be calculated through a time-weighted return. Altruist does not review the performance information provided by third-party providers.

Third-Party Advisors and TPA Users should understand that the Allocation TPA Program is not a self-directed brokerage service. Unlike self-directed brokerage accounts, a Third-Party Advisor or TPA User does not enter individual buy and sell orders for specific securities to be executed at particular times. Rather, Altruist places orders to buy or sell securities with Altruist Financial LLC, which relies on Apex for trade execution, or executes the orders itself beginning approximately April, 2023, consistent with the authority granted to it by Third-Party Advisors, which includes, among other things, the authority to select which securities to buy and sell and when to place orders for the execution of securities. If you want to control the specific time during the day that securities are bought and sold in your account (e.g., you want the ability to “time the market”), you should not participate in the Allocation TPA Program.

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

Altruist does not charge any performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a TPA User.

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

Through qualitative and quantitative due diligence, Altruist Financial LLC selects Investments to make available through the Website. Altruist Financial LLC selects ETFs, publicly traded equities, fixed income securities, mutual funds, and CEFs as the Investments available through the Website and to Third-Party Advisors to curate the TPA Models and TPA Portfolios.

Altruist constructs the Altruist generated portfolios using certain of the Investments available on the Website. In the construction of certain Altruist generated portfolios,

Altruist focuses on ETFs because of their transparency, liquidity, low fees, and diversification.

The ETFs available represent an array of investment options across a broad range of: investment strategies such as conservative, modest or aggressive balanced risk funds; asset classes such as small, mid, and large cap US equities, fixed income, real estate, commodities, or international; and industries such as healthcare, defense or consumer.

In Altruist's due diligence and analysis process, Altruist utilizes a form of quantitative analysis in which it analyzes the ETFs' fees and performance using historical market data, risk metrics and other benchmarks.

Other Altruist generated portfolios are comprised of mutual funds issued by Dimensional Fund Advisors LP ("DFA Funds").

Altruist additionally offers direct indexing exposure through its Altruist generated Strategist model portfolios series.

Altruist continues to develop additional Altruist generated model portfolio series over time and adds them to the Website and Altruist LLC Fee Schedule accordingly.

### **Investment Strategies**

Altruist uses a proprietary formula to select ETFs, mutual funds, and other Investments to be included in Altruist generated portfolios made available through the Allocation TPA Program. The Altruist generated portfolios are designed to cover a wide range of various risk appetites and financial statuses suitable for various investment strategies. A Third-Party Advisor can select from the Investments available on the Website to curate TPA Models and TPA Portfolios suitable for its TPA Users or select an Altruist generated portfolio or Third-Party Portfolio that is suitable for a TPA User, as



determined by the Third-Party Advisor. Each Third-Party Advisor is responsible for determining a particular TPA User's financial circumstance and investment objectives when selecting portfolios, models and investments for a particular TPA User. All dividends from investments are automatically reinvested unless a Third-Party Advisor or TPA User elects otherwise.

### **Risk of Loss**

Altruist does not guarantee the future performance of any model, portfolio or TPA User's account. Third-Party Advisors and TPA Users should understand that investments made via the Allocation TPA Program involve substantial risk. Investments are subject to various market, currency, economic, political and business risks, and those investment decisions and actions will not always be profitable. TPA Users might not get back the amount invested. The price of any Investment or the value of an entire asset class can decline for a variety of reasons outside of Altruist's 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. There is no guarantee that Altruist's judgment or portfolio construction decisions about particular Investments or asset classes will necessarily produce the intended results. Altruist's judgment could prove to be incorrect, and a TPA User might not achieve his or her investment objectives. High volatility and/or the lack of deep and active liquid markets for a security could prevent a Third-Party Advisor from selling a TPA User's Investments at all, or at an advantageous time or price because Altruist Financial LLC or Apex could have difficulty finding a buyer and might be forced to sell at a significant discount to market value. Finally, if a Third-Party Advisor is charging performance-based fees, these fees can increase the risk of excessive trading in TPA User accounts. The Allocation TPA Program, by its automated nature, limits excessive trading risk, because Third-Party Advisors are less engaged in individual stock selection for TPA User accounts. Altruist cannot guarantee any level of performance

or that any TPA User will avoid a loss of account assets. Any investment in securities involves the possibility of financial loss that TPA Users should be prepared to bear.

When evaluating risk, financial loss may be viewed differently by each Third-Party Advisor or TPA User and may depend on many different risk items, each of which may affect the probability of adverse consequences and the magnitude of any potential losses. The following risks may not be all-inclusive but should be considered carefully by a prospective Third-Party Advisor or TPA User before entering the Allocation TPA Program. These risks should be considered as possibilities, with additional regard to their actual probability of occurring and the effect on a TPA User if there is, in fact, an occurrence.

**Market Risk** - The price of any Investment or the value of an entire asset class can decline for a variety of reasons outside of Altruist's 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. If a TPA User has a high allocation in a particular asset class, it may negatively affect overall performance to the extent that the asset class underperforms relative to other asset classes. Conversely, a low allocation to a particular asset class that outperforms other asset classes in a particular period will cause that TPA User account to underperform relative to the overall market.

**Investment Risk** - There is no guarantee that Altruist's judgment, models or portfolio construction decisions about particular Investments or asset classes will necessarily produce the intended results. Altruist's judgment may prove to be incorrect, and a Third-Party Advisor or TPA User might not achieve his or her investment objectives. Altruist may also make future changes to the algorithms that it uses and services that it provides. In addition, it is possible that Third-Party Advisors, TPA Users or Altruist itself may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to Altruist's software-based financial service.

**Volatility and Correlation Risk** - Third-Party Advisors and TPA Users should be aware that Altruist's asset selection process in connection with the Altruist generated portfolios is based in part on a careful evaluation of past price performance and volatility in order to evaluate future probabilities. However, it is possible that different or unrelated asset classes may exhibit similar price changes in similar directions, which may adversely affect a TPA User, and may become more acute in times of market upheaval or high volatility. Past performance is no guarantee of future results, and any historical returns, expected returns, or probability projections might not reflect actual future performance. The value of Investments and the income derived from Investments will fluctuate and can go down as well as up.

**Liquidity and Valuation Risk** - High volatility and/or the lack of deep and active liquid markets for an Investment may prevent a Third-Party Advisor from selling the TPA User's Investments at all, or at an advantageous time or price because Altruist Financial LLC and Apex may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. Some Investments (including ETFs) that hold or trade financial instruments may be adversely affected by liquidity issues as they manage their portfolios. While Altruist Financial LLC values the securities held in TPA Users' accounts based on reasonably available exchange-traded security data, Altruist Financial LLC may from time to time receive or use inaccurate data, which could adversely affect security valuations, transaction size for purchases or sales, and/or the resulting fees paid to Altruist.

**Credit Risk** - Altruist cannot control, and TPA Users are exposed to, the risk that security issuers or financial intermediaries may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy or insolvency, any of which may affect portfolio values or management. This risk applies to assets on deposit with Apex, notwithstanding asset segregation and insurance requirements that are beneficial to TPA Users generally. In addition, exchange trading venues or trade settlement and clearing intermediaries could experience adverse events that may temporarily or permanently limit trading or adversely affect the value

of securities held by TPA Users. Finally, any issuer of securities may experience a credit event that could impair or erase the value of the issuer's securities held by a TPA User. In connection with certain Altruist generated portfolios, Altruist seeks to limit credit risk through the inclusion of ETFs, which are subject to regulatory limits on asset segregation and leverage such that fund shareholders are given liquidation priority versus the fund issuer; however, certain ETFs and products may involve higher issuer credit risk because they are not structured as a registered investment company.

**Legislative and Tax Risk** - Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities and changes in the tax code that could affect interest income, income characterization, and/or tax reporting obligations (particularly for ETFs dealing in natural resources). Altruist does not engage in financial or tax planning, and in certain circumstances, a TPA User may incur taxable income on their investments without a cash distribution to pay the tax due.

**Foreign Investing and Emerging Markets Risk** - Foreign investing involves risks not typically associated with U.S. Investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries. In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors not present in the U.S., such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder

protection. Foreign accounting may be less transparent than U.S. accounting practices and foreign regulation may be inadequate or irregular.

**Frontier Markets Risks** - The risks associated with investing in foreign or emerging markets generally are magnified in frontier markets, also known as “next emerging” markets. Some frontier markets may operate in politically unstable regions of the world and may be subject to additional geopolitical/disruption-of-markets risks.

**ETF Risks, including Net Asset Valuations and Tracking Error** - ETF performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because 1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and 3) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depositary Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations or valuation may be limited or inaccurate.

Third-Party Advisors and TPA Users should be aware that, to the extent TPA Users invest in ETFs, they will pay several levels of fees - fees charged by Altruist and Third-Party Advisors plus any management fees paid by the ETF to its investment adviser. This scenario may cause a higher cost (and potentially lower investment returns) than if a TPA User purchased the ETF directly.

An ETF typically includes embedded expenses that may reduce the ETF’s net asset value, and therefore directly affect the ETF’s performance and indirectly affect a TPA User’s portfolio performance or an index benchmark comparison. Expenses of the ETF may include investment adviser management fees, custodian fees, brokerage

commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer. ETF tracking error and expenses may vary.

**Inflation, Currency, and Interest Rate Risks** - Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. The liquidity and trading value of foreign currencies could be affected by global economic factors, such as inflation, interest rate levels, and trade balances among countries, as well as the actions of sovereign governments and central banks. In addition, the relative value of the U.S. dollar-denominated assets primarily available through the Allocation TPA Program may be affected by the risk that currency devaluations affect TPA Users' purchasing power.

**Short Positions** - Altruist does not presently but may in the future allow Third-Party Advisors or TPA Users to short an Investment. With a short position, the potential for loss is unlimited.

**Options** - Altruist does not presently but may, in the future, allow the use of options within TPA User portfolios. Options can serve to mitigate risk, but they can also enhance risk by amplifying losses.

**Algorithmic Trading** - Third-Party Advisors and TPA Users are advised that the Allocation TPA Program relies on computer models, data inputs and assumptions in generating trade orders or Altruist generated model portfolios (as applicable). Statistical investing models, such as those used by Altruist, rely on back-tested information, and, thus, may not operate as expected or intended when events having few or no historical antecedents occur or where events depart from historical antecedents, and, accordingly, may generate losses another model marketplace or model portfolio provider could have been able to avoid.

**Cybersecurity Risks** - Altruist and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber-attacks may cause losses to Altruist's Third-Party Advisors and TPA Users by interfering with the processing of transactions, affecting Altruist's or its affiliates' ability to calculate net asset value or impeding or sabotaging trading. Third- Party Advisors and TPA Users may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose Altruist to civil liability as well as regulatory inquiry and/or action. In addition, Third-Party Advisors and TPA Users could incur additional losses as a result of unauthorized use of their personal information. While we have established business continuity plans, incident response plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cybersecurity risks also are present for issuers of securities in which Third-Party Advisors invest on behalf of TPA Users, which could result in material adverse consequences for such issuers, and may cause a TPA User's investment in such securities to lose value.

**Investment Strategy Risks** - There are risks associated with the long-term core strategic holdings. The more aggressive the investment strategy, the more likely the portfolio will contain larger weights in riskier asset classes, such as equities.

**Equity-Related Risks** - The prices of equity securities will rise and fall. These price movements may result from factors affecting individual companies, industries, or the

securities market as a whole. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. In addition, the equity market tends to move in cycles, which may cause stock prices to fall over short or extended periods of time.

**Large-Cap and Mid-Cap Risks** - Large-cap and/or mid-cap segments of the stock market bear the risk that these types of stocks tend to go in and out of favor based on market and economic conditions. However, stocks of mid-cap companies tend to be more volatile than those of large-cap companies because mid-cap companies tend to be more susceptible to adverse business or economic events than larger, more established companies.

During a period when large- and mid-cap U.S. stocks fall behind other types of investments, bonds or small-cap stocks, for instance, the performance of investment strategies focused on large- and/or mid-cap stocks will lag the performance of these other investments.

**Small-Cap and International Risks** - Historically, small-cap and international stocks have been riskier than large- and mid-cap U.S. stocks. During a period when small- cap and/or international stocks fall behind other types of investments, U.S. large- and mid-cap stocks, for instance, the performance of investment strategies focused on small-cap or international stocks may lag the performance of these other investments.

**Fixed Income** - Bond markets rise and fall daily, and fixed income investments, which generally also include instruments with variable or floating rates, are subject to various risks. When interest rates rise, bond prices usually fall. The longer the duration of a bond, the more sensitive to interest rate movements its value is likely to be. A decline in the credit quality of a fixed income investment could cause the value of a fixed income product to fall. High-yield securities and unrated securities of similar credit quality (sometimes called junk bonds) are subject to greater levels of credit and liquidity risks. High-yield securities may be considered speculative.



**Government Securities Risks** - Many U.S. government securities are not backed by the full faith and credit of the United States government, which means they are neither issued nor guaranteed by the U.S. Treasury. Certain issuers of securities, such as the Federal Home Loan Banks, maintain limited lines of credit with the U.S. Treasury. Securities issued by other issuers, such as the Federal Farm Credit Banks Funding Corporation, are supported solely by the credit of the issuer. There can be no assurance that the U.S. government will provide financial support to securities of its agencies and instrumentalities if it is not obligated to do so under law.

**Commodities Risks** - Commodities involve unique risks that may be distinct from those that affect stocks and bonds, including worldwide supply and demand factors, weather conditions, currency movements, and international government policies regarding commodity reserves and choice of currency for commodity pricing. Unlike mutual funds that usually invest in bonds and/ or listed shares, commodities funds usually invest in futures contracts that are derivative securities. There may be additional trading risks associated with commodities funds during periods of market stress.

**Hard Asset Risks** - The production and marketing of hard assets, such as precious metals, oil and gas, real estate and/or agricultural commodities, may be affected by geopolitical and environmental factors and are cyclical in nature. During periods of economic or financial instability, hard asset securities and other instruments may be subject to broad price fluctuations, reflecting the volatility of energy and basic materials prices and possible instability of supply of various hard assets. Hard asset securities, hard asset companies, and other instruments may also experience greater price fluctuations than the relevant hard asset. In periods of rising hard asset prices, such securities or instruments may rise at a faster rate; conversely, in times of falling hard asset prices, such securities may suffer a greater price decline.

**Real Estate Risks** - Real estate-related investments may be adversely affected by factors affecting the real estate industry, which may include changes in interest rates

and social and economic trends. Real estate investment trusts (“REITs”) may also be subject to the risk of fluctuations in income from underlying real estate assets, poor performance by the REITs’ managers, prepayments and defaults by borrowers, adverse changes in tax laws, and, for U.S. REITs, their failure to qualify for the special tax treatment granted to REITs.

**Venture Capital Risks** - Venture capital–related investments have a very high degree of risk and often require a long-term commitment. Typically, venture capital-backed companies have limited or no operating history, unproven technology, untested management and unknown future capital requirements. These companies may face intense competition, often from established companies. These companies often require several rounds of financing before they reach maturity, which may have a significant negative impact on a fund that is unable to participate in subsequent rounds of financing.

**Private Equity Risks** - Private equity-related investments have a high degree of risk and often require a long-term commitment. A private equity fund typically makes a limited number of investments, resulting in a high degree of risk with respect to each investment. Upon disposition of an investment, a private equity fund may be required to make representations about the business and financial affairs of the disposed investment or may be responsible for the contents of disclosure documents under applicable securities laws. These arrangements may lead to contingent liabilities, which might lead to losses.

**Reliance on Management and Other Third Parties** - ETF investments and Third- Party Portfolios rely on third-party management and advisers. Altruist and the Third- Party Advisors are not expected to have an active role in the day-to-day management of investments by any ETF and Altruist will not have an active role in the day-to-day management of Third-Party Portfolios. Carried interest, portfolio weight and other incentive distributions to fund management may create an incentive towards more speculative investments than would otherwise have been made. Certain of Altruist’s

services will be more limited or operate differently for Third-Party Advisors or TPA Users who utilize or invest in a Third-Party Portfolio. Any disruption to the third parties that provide services to Altruist may affect the ETF investments and Third-Party Portfolios.

**Infrastructure Risks** - Infrastructure-related investments are subject to a number of unique risks. These investments may be concentrated into a small number of projects, resulting in a high degree of risk with respect to each project. Further, these investments are often subject to foreign and emerging market risks.

**Market Volatility** - General fluctuations in the economy may affect the value of one or more investments. In the event of economic volatility, the ability to achieve a favorable return on investments may be severely impeded.

**Socially Responsible Investing** - Investments may focus on “low carbon” or other areas of socially responsible investing. This investment category represents a relatively new area of investment with a relatively limited performance track record. Due to the consideration of non-monetary factors in investment decisions, these investments may experience a lower rate of return. There may be a relatively limited number of investments to consider in this investment category, and available investments may be subject to increased competition.

**Large Investment Risks** - TPA Users may collectively account for a large portion of the assets in certain investments. A decision by many investors to buy or sell some or all of a particular investment where TPA Users hold a significant portion of that investment may negatively impact the value of the investment.

**Limitations of Disclosure** - The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved in investing in investments. As investment strategies develop and change over time, TPA Users may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

### **Item 7 – Client Information Provided to Portfolio Provider**

Altruist has access to all Third-Party Advisor and TPA User information obtained by Altruist with respect to the particular TPA User accounts managed through the Website. However, Altruist does not base or tailor the Altruist generated portfolios which are made available through the TPA Allocation Program on any TPA User’s financial circumstances or investment objectives. Third-Party Advisors are responsible for determining that any Altruist generated portfolios, TPA Models, TPA Portfolios, and Third-Party Portfolios they select are suitable for a TPA User given the TPA User’s financial circumstances and investment objectives.

### **Item 8 – Client Contact with Portfolio Provider**

Third-Party Advisors and TPA Users can contact Altruist via email at [hello@altruist.com](mailto:hello@altruist.com) or via telephone at (888) 510-4660 with respect to technical questions regarding the web-based application. Altruist provides its services only through its Website.

### **Item 9 – Additional Information**

#### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of such adviser or the integrity of such adviser’s management. Altruist does not have any legal, financial, regulatory, or other “disciplinary” item to report.

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

Altruist Financial LLC, a registered broker-dealer, is an affiliate of Altruist. Both are owned by the same parent entity. Until approximately April 2023, Altruist Financial LLC will effect trades through Apex, an unaffiliated clearing broker and qualified custodian for the accounts, for TPA User accounts on the Allocation TPA Program. Beginning approximately April, 2023, Altruist Financial LLC will be responsible for trade execution, clearance, and custody of securities and accounts of TPA Users on the Allocation TPA Program.

Altruist allows third parties to host Third-Party Portfolios on the

Allocation TPA Program, and charges certain third-party providers of Third-Party Portfolios (or their affiliates) onboarding and/or ongoing monthly subscription fees at its sole discretion. This arrangement can create a conflict of interest for Altruist to favor certain Third-Party Advisors, Third-Party Portfolios, or investment products that would provide monetary incentives to certain Third-Party Advisors or providers of Third-Party Portfolios and their affiliates. For more information on such arrangements, please see Item 14 – Client Referrals and Other Compensation. The selection and use of any model or portfolio, whether created by the Third-Party Advisor, Altruist or a provider of a Third-Party Portfolio, is solely the responsibility of the Third-Party Advisor in its discretion consistent with its fiduciary obligations.

Altruist operates an automated matching program under which prospective TPA Users may seek the identification of Third-Party Advisors participating in the matching program that match criteria specified by the prospective TPA Users. If a prospective TPA User chooses a Third-Party Advisor from the list of Third-Party Advisors identified through the matching program, the selected Third-Party Advisor pays Altruist referral fees based on the fees paid by the TPA User to the Third-Party Advisor, as will be disclosed to the prospective TPA User. These Third-Party Advisors also could use the Allocation TPA Program, for which Altruist could directly receive Model Marketplace Fees and Tax Management Tool Fees. In addition, these Third-Party Advisors use the Website, for which the Third-Party Advisors pay a monthly subscription fee to Altruist's parent company Altruist Corp. Therefore, Altruist has an incentive to recommend Third-Party Advisors. However, the prospect ultimately decides whether to choose a Third-Party Advisor and which Third-Party Advisor (if any) is an appropriate match. Further, while Altruist will earn Model Marketplace Fees and the Tax Management Tool Fees as described above, Altruist believes that the conflicts deriving from the Model Marketplace Fees and Tax Management Tool Fees are mitigated by the nature and structure of these fees, namely that only one fee is charged on any amount of assets, and no transaction fees are charged, to the applicable Third-Party Advisors or TPA Users. Additionally, the Third-Party Advisors are responsible for determining whether the Altruist-generated portfolios, TPA Portfolios, Third-Party Portfolios, or tax management tools are suitable given the TPA User's financial circumstances and investment objectives and using them in accordance with the Third-Party Advisors' fiduciary obligations. Thus, Altruist believes that the nature and structure of the Third-Party Advisors' relationships with the TPA Users further mitigates the conflict that Altruist (and its affiliates) have through its business relationship with the Third-Party Advisors.

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

Altruist has adopted a code of ethics (the “Code of Ethics”) for all employees of Altruist describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of Third-Party Advisor and TPA User information, a prohibition on insider trading, a prohibition on rumor-mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other provisions. All employees at Altruist must acknowledge the terms of the Code of Ethics annually, or as amended.

Altruist anticipates that, in appropriate circumstances, it will cause accounts in the Allocation TPA Program to effect the purchase or sale of securities in which Altruist, its management persons and/or TPA Users, directly or indirectly, have a position of interest. Altruist’s employees and persons associated with Altruist are required to follow Altruist’s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Altruist and its employees are permitted to trade for their own accounts in securities which are made available to and/or purchased for TPA Users. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Altruist will not interfere with (i) making decisions in the best interest of clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that personal employee transactions in these types of securities would not materially interfere with the best interest of the Third-Party Advisors or TPA Users. Employee trading is continually reported under the Code of Ethics, and to reasonably prevent conflicts of interest between Altruist and its clients.

Employees’ accounts are permitted to trade in the same securities with TPA User accounts on an aggregated basis when consistent with Altruist’s and its affiliates’ obligation of best execution. In such circumstances, employee and TPA User accounts will share commission costs equally and receive securities at a total average price. Altruist will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the trade order.

It is Altruist's policy that Altruist will not effect any principal or agency cross securities transactions for TPA User accounts. Altruist will also not cross trades between TPA User accounts. Altruist will provide a copy of the Code of Ethics to any client or prospective client on request.

### **Item 12 – Brokerage Practices**

Third-Party Advisors and their TPA Users authorize and direct Altruist to execute all transactions for the TPA User accounts through Altruist Financial LLC, as agent (including transactions in which Altruist Financial LLC or its personnel have an interest), and Apex, where the execution services of Altruist Financial LLC and Apex are available in the ordinary course of its business, even if execution by a different broker-dealer would be more favorable. Prices, commissions and other transaction costs may also not be as favorable through Altruist Financial LLC and Apex as might be obtained through another broker-dealer, and neither Altruist, Altruist Financial LLC, nor Apex is required to match those prices, execution charges and other transaction costs or account to Third-Party Advisor or any TPA User for the difference. Third-Party Advisors and their TPA Users are responsible for independently and prudently considering information about Altruist Financial LLC's and Apex's execution capabilities and pricing, determining that Altruist Financial LLC and Apex are capable of providing best execution of TPA User transactions, and monitoring Altruist Financial LLC's and Apex's execution services. For the avoidance of doubt, Altruist places orders with Altruist Financial LLC which executes such orders through Apex (until approximately April 2023) or itself as a self-clearing custodian starting approximately April 2023, on behalf of the Third-Party Advisors and TPA Users. Trades are cleared and settled by Apex or Altruist Financial LLC, as appropriate.

Altruist and Altruist Financial LLC have overlapping officers, employees and share office space and certain expenses. Certain Altruist management persons are also registered representatives of Altruist Financial LLC, as necessary or appropriate to perform their responsibilities.

### **Item 13 – Review of Accounts**

Altruist does not conduct reviews of individual TPA User accounts. Altruist provides all Third-Party Advisors and TPA Users with continuous access to the Website or through a

Third-Party Advisor's website and/or mobile app (which website and/or mobile app will generally be hosted by Altruist and its affiliates) regarding information about account status, portfolio allocations, securities, and balances. Proprietary procedures are used to review the portfolios quarterly to assure that they are in line with portfolio allocations. Additional reviews may be triggered by material changes in variables such as the market, political or economic environment.

Apex or Altruist Financial LLC prepares account statements showing all transactions and account balances during the prior month. All information relating to TPA User accounts are provided on the Website or through a Third-Party Advisor's website and/or mobile app and/or sent via email, as agreed to with each Third-Party Advisor or TPA User at the time of their account opening. Third-Party Advisors are responsible to require TPA Users to reconfirm the TPA User's current profile information as needed and on an annual basis. It is the responsibility of the Third-Party Advisor, as applicable, to conduct reviews when material changes occur to a TPA User's portfolio or investment objectives. Altruist considers implications and the volatility associated with each of its chosen asset classes when deciding when and how to rebalance an Altruist generated portfolio.

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

Except as discussed below, Altruist and its related persons do not receive an economic benefit (such as sales awards or other prizes) from any third party for providing investment advice or other advisory services to clients. It should be expected that Altruist will receive from a broker-dealer, investment adviser or a fund company without cost and/or at a discount, certain services and/or products, including Third- Party Portfolios, TPA Models, and TPA Portfolios and services and/or products to assist in monitoring and servicing TPA User accounts. It should be expected that these include investment-related research, pricing information and market data, software and other technology that provide access to TPA User account data, compliance and/or practice management-related publications, discounted or free consulting services, discounted or free attendance at conferences, meetings, and other educational or social events, marketing support, computer hardware or software, and other products used by Altruist to assist Altruist in its investment advisory business operations.

Specifically, Altruist Financial LLC receives certain revenue in connection with the brokerage accounts as follows. It should be expected that Altruist Financial LLC receives fees associated with the marketing or distribution of interests in a mutual fund, shares in the interest earned on uninvested cash in a TPA User's Account held through Apex or Altruist Financial LLC, earns revenue with respect to premiums paid on borrowed investments and margin loans in connection with Apex's or Altruist Financial LLC's



lending program, and earns revenue from payments for order flow.

It should be expected that Altruist or its affiliates pay cash or other compensation to Third-Party Advisors for referrals of prospective Third-Party Advisors to the Allocation TPA Program or other services offered through the Website. Such Third-Party Advisors acting as solicitors are independent contractors and do not provide investment advisory services of any type to the referred clients. Altruist will provide or make available its current Form ADV Part 2 to such solicitors to the extent required by law.

As previously mentioned, Altruist Corp also offers Accounting Software for a monthly cost. Altruist Corp will not provide accounting services to the Third-Party Advisor, but rather, the Third-Party Advisor may use the software to prepare financial information regarding the investments of the Third-Party Advisor and its TPA Users. Altruist, at its sole discretion, receives monetary compensation in the form of onboarding and/or ongoing monthly subscription fees from certain providers (or their affiliates) of Third-Party Portfolios for hosting such portfolios on the Website. This compensation presents a conflict of interest, to the extent Altruist has a financial incentive to encourage Third-Party Advisors to select certain portfolios of Third-Party Model Providers that provide economic benefits to Altruist over others that are not providing an economic benefit. Altruist believes any such conflict is mitigated in that Altruist does not provide investment advice or recommendations to Third-Party Advisors or TPA Users. All fiduciary decisions and investment advice for TPA Users are rendered solely by unaffiliated Third-Party Advisors, and Altruist does not have discretion or any other decisioning authority as to which model portfolios are subscribed to TPA Users' accounts. Altruist does not exercise or maintain discretion over any retail client accounts. Altruist does not render investment advice or recommendations to any retail investor. For more information see Item 16 - Investment Discretion.

### **Item 15 – Custody**

The Investments in each TPA User's account are held in a separate account in the name of the TPA User with Apex, after being introduced by Altruist's affiliated broker-dealer, Altruist Financial LLC, or with Altruist Financial LLC as a self-clearing custodian. All accounts managed by a Third-Party Advisor through the Website are required to use Apex until approximately April 2023, and Altruist Financial LLC beginning approximately April 2023, as the custodian. TPA Users will receive account statements from Apex, after being introduced by Altruist Financial LLC, or from Altruist Financial LLC as self-clearing custodian, which should be reviewed carefully for accuracy. To report any discrepancies, refer to the instructions contained in the disclosures section of the statement.

**Item 16 – Investment Discretion**

Altruist does not exercise or maintain discretion over any retail client accounts. Altruist does not render investment advice or recommendations to any retail investor. All investment decisions for investment clients are the sole responsibility of their selected Third-Party Advisor. Since Altruist does not maintain discretion over client accounts, any questions regarding trading authority or investment activity should be directed to the TPA User's Third-Party Advisor.

Altruist provides web-based non-discretionary advisory services through its Model Marketplace via the Allocation TPA Program, which is designed to assist Third-Party Advisors who act as investment advisers and fiduciaries to TPA Users investing through the Allocation TPA Program.

Altruist acts as the limited agent of each Third-Party Advisor for the purposes of implementing the Third-Party Advisor's investment advice and directions. This is accomplished by reflecting the allocation of investors' model portfolios and accounts on its website; implementing the Third-Party Advisor's portfolio selections, allocations, modifications and replacements for the investors' accounts; performing automatic rebalancing for investors' accounts in accordance with the Third-Party Advisors' directions; and initiating the trade order management process via Altruist Financial LLC, which executes, clears and settles transactions.

**Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Altruist does not have any authority to and does not vote proxies on behalf of Third-Party Advisors or TPA Users or provide any advice on how the proxies should be voted. Third-Party Advisors or TPA Users retain the responsibility for receiving and voting proxies for all securities maintained in a TPA User's portfolio. Third-Party Advisors or TPA Users will receive proxies and other solicitations directly from the designated custodian or their vendor.

Altruist will neither advise nor act on behalf of the Third-Party Advisors or TPA User in legal proceedings, including class actions and bankruptcies, involving companies whose securities are held or previously were held in the TPA User accounts, including, but not limited to, the filing of "Proofs of Claim" in such proceedings.

**Item 18 – Financial Information**

Altruist does not require or solicit the prepayment of any fees and does not have any adverse financial condition that is reasonably likely to impair Altruist's ability to continuously meet its contractual commitments to its clients. Altruist has not been the subject of a bankruptcy proceeding.