



# Form ADV Part 2A Wrap Fee Program Brochure

## Cover Page

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This Form ADV Part 2A (Wrap Fee Investment Advisor Brochure) gives information about the investment advisor and its business for the use of clients and prospective clients. If you have any questions about the contents of this brochure, please contact us using one of the methods listed above. 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. Registration is mandatory for all persons meeting the definition of investment advisor and does not imply a certain level of skill or training.

Additional information about our firm is available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Material Changes**

None

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## **Advisory Business**

Brains Investments, LLC was established in 2018. Christopher Poillon is the founder and President and has been in the financial services industry since 1992.

### *Advisory Services*

Brains Investments LLC provides investment advisory services for clients online only, as a robo-advisor. No in-person advisory services are provided.

As of May 19, 2020, Brains Investments LLC has \$0 assets under management on a discretionary basis, and \$0 of assets under management on a non-discretionary basis.

Services are based on the individual needs of the client. An initial data gathering questionnaire is undertaken to determine the client's financial situation and investment objectives, and to give the client the opportunity to provide information on their own world view and interests regarding investment preferences. Clients will receive from the custodian confirmations of all investment transactions and quarterly statements containing a description of all transactions, activity and account values.

The client retains ownership of all account holdings (investment securities within each fund or model portfolio) to the same extent as if the account holdings were held in accounts outside of Brains Investments, LLC.

Brains Investments, LLC provides investment recommendations consistent with the individual client's world views, interests, financial and risk objectives.

## **Fees and Compensation**

Fees/charges for advisory services are at the rate of \$3 per month up to an account balance of \$5,000. Account balances of \$5,000 or more are converted to a fee based upon the account values at end of each month at an annualized rate of 0.25% and no longer charged the monthly fixed fee. Advisory fees are charged monthly through our custodian, Apex Clearing Corporation.

The fees are for advisory services only and do not include any transaction costs, if any, which may be charged separately by the custodial firm. The fees are referred to as a “wrap fee” which is a comprehensive charge levied by an investment advisor to a client for providing a bundle of services. Such services can include investment advice, investment research, and brokerage services. Wrap fees allow an investment advisor to charge one straightforward fee to their clients, simplifying the process for both the advisor and the customer. Fees are not negotiable.

Clients authorize the custodian holding client funds and securities to deduct Brains Investments, LLC advisory fees direct from the client account in accordance with statements prepared and submitted to the custodian by Brains Investments, LLC. The custodian will provide quarterly account statements to the client reflecting all fee withdrawals by Brains Investments, LLC. It is the client’s responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

Services will continue until either party terminates the Agreement on 30 business days written notice. If termination occurs prior to the end of a calendar month, the fees for the month will be calculated on a pro-rata basis.

The Advisory Agreement contains a pre-dispute arbitration clause. Client understands that the agreement to arbitrate does not constitute a waiver of the right to seek a judicial forum where such a waiver would be void under the federal securities laws. Arbitration is final and binding on the parties.

## **Types of Clients and Account Minimums**

Brains Investments LLC provides advisory services to individuals investing in personal, non-retirement portfolios.

The minimum account size is \$50, subject to a minimum monthly fee of \$3 per account for account balances under \$5,000; or 0.25% on assets under management for accounts over \$5,000, calculated monthly.

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

Brains Investments, LLC uses asset allocation strategies for portfolio management based on a model of world view, interest, and lifestyle.

By its nature, financial planning looks to the long-term. While there is risk in all investments, some carry a greater degree of risk or higher costs. There is no guarantee that the investment strategy selected for the client will result in the client's goals being met, nor is there any guarantee of profit or protection from loss. For those investments sold by prospectus, clients should read the prospectus in full.

Brains Investments LLC is disclosing those risks and opportunities for our investment strategy or for particular types of securities used. Debt securities are subject to interest rate risk.

- There are tax consequences for short-term trading wherein capital gains are taxed as ordinary income.

- Our investment style is a diversified approach, with the goal of reducing risks by spreading investments across multiple short-medium risk securities. Nonetheless, if the market overall goes down due to a recession, depression, or market correction, customers' portfolios will decline in kind as Brains selects equity choices across the Russell 3000 list.

## **Disciplinary Information**

An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel. Brains Investments, LLC does not have any disclosure items.

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

### **Code of Ethics**

Brains Investments LLC maintains a Code of Ethics. The Code of Ethics sets forth standards of conduct expected of advisory personnel; requires compliance with federal securities laws; and, addresses conflicts that arise from personal trading by advisory personnel. Clients may request a copy of the Code of Ethics.

### **Personal Trading**

At times Brains Investments LLC and/or its IA Reps may take positions in the same securities as clients, and we will try to avoid conflicts with clients. Personal investment transactions by IA Representatives are reported each quarter and monitored by the firm. IA Representatives are prohibited from trading on any information that is not publicly available

and will disclose any potential conflicts of interest in dealings with clients of Brains Investments, LLC.

## **Brokerage Practices**

Brains Investments, LLC has selected Apex Clearing Corporation as our custodian/clearing company. Brains Investments LLC is not affiliated with the broker/dealer. IA Reps of our firm are not registered representatives of that firm and do not receive any commissions or fees from recommending these services.

## **Review of Accounts and Reports on Accounts**

Brains modeled portfolios are reviewed quarterly. Market conditions that might cause a wider variance in the specified holdings under a model portfolio/fund, or other factors may cause a more frequent review.

Customers portfolios and holdings are a snapshot in time and no ongoing reviews are conducted by Brains Investments, LLC to determine the suitability of a portfolio for an individual client. We recommend clients engage in our Brains model (s), Discussion Board, and Library regularly. Additionally, clients may update their profile in the program to generate new recommendations or changes to existing portfolio choices.

### *Reports*

Clients receive account statements and quarterly performance reports from the custodian.

## **Client Referrals & Other Compensation**

### *Referral Fees Paid*



Brains Investments, LLC may compensate for client referrals. All solicitor's agreements are in compliance with the Investment Advisers Act of 1940. In addition, all applicable federal and state laws will also be observed. All clients procured by solicitors will be given full written disclosures describing the terms and fee arrangements between the advisor and the solicitor prior to or at the time of entering into the advisory agreement.

## **Custody**

Although client assets are held at a third-party independent custodian, Brains Investments, LLC is deemed to have custody of client funds because of the fee deduction authority granted by the client in the investment advisory agreement. Except for this fee deduction, we do not have authority to withdraw funds out of client accounts.

If/when a client grants Brains Investments, LLC the limited power in a Standing Letter of Authorization ("SLOA") to the account custodian to disburse funds to a third party, we would be deemed to have custody. Under such circumstances, our firm will follow regulatory guidance in documenting this procedure.

Clients will receive account statements at least quarterly from the broker-dealer or other qualified custodian. The custodial statement is the official record of your account for tax purposes.

## **Investment Discretion**

Brains Investments, LLC has discretion over client accounts. The firm will make decisions as to the specific holdings in a model portfolio or fund that is recommended and may make changes to those specific holdings at any time based upon their determination to make such

changes. In addition, the client does not have the ability to change specific holdings within a model portfolio or restrict specific holdings with a model portfolio.

Clients will be required to provide a limited power of attorney to the custodian, limited to the power of executing trades on a non-discretionary basis.

Brains Investments LLC will not have authority to withdraw funds or to take custody of client funds or securities, other than under the terms of the Fee Payment Authorization clause in the Agreement with the client.

## **Voting Client Securities**

Brains Investments, LLC does not vote for client proxies received by individual companies of stock positions held in model portfolios or in individually held portfolio accounts. A proxy statement is a document containing the information the Securities and Exchange Commission (SEC) requires companies to provide to shareholders so they can make informed decisions about matters that will be brought up at an annual or special stockholder meeting. Issues covered in a proxy statement can include proposals for new additions to the board of directors, information on directors' salaries, information on bonus and options plans for directors, and any declarations made by the company's management. They. Must disclose the company's voting procedures and any potential conflicts of interest between the company and its directors, executives and auditors.

## **Financial Information**

An investment advisor must provide financial information if a threshold of fee prepayments is met; there is a financial condition likely to impair the ability to meet contractual commitments; or, a bankruptcy within the

past ten years. Brains Investments, LLC does not have any disclosure items in this section.