



## **Build Asset Management, LLC**

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**September 28, 2023**

**FORM ADV PART 2A  
BROCHURE**

This Brochure provides information about the qualifications and business practices of Build Asset Management, LLC ("**Build**"). If you have any questions about the contents of this Brochure, please contact Casey Schulte at (833) 852-8453. 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.

Build is an SEC-registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Build (CRD#298354) is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Summary of Material Changes

Since the filing of our last annual updating amendment to this Brochure (dated February 15, 2023), we have made the following material changes:

- We have broadened our services to include wealth management, retirement planning, and separately managed accounts for individuals and businesses;
- We have implemented investment model management to serve our wealth management clients; and
- We serve as adviser to private funds.

Currently, you may request a copy of our Brochure by contacting Casey Schulte at (833) 852-8453. Additional information about Build Asset Management, LLC is also available via the SEC's website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with the Firm who are registered as investment adviser representatives of the Firm.

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## Item 4 Advisory Business

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "Build," "we," "our," and "us" refer to Build Asset Management, LLC and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

Build is an SEC-registered investment adviser that was organized as a Missouri limited liability company in 2018, and is headquartered in Jefferson City, Missouri with offices in Seattle, Washington. John L. Ruth is the President and CEO of the firm and Matthew G. Dines is the Chairman, Chief Financial Officer and Chief Investment Officer of the firm. We are owned by John L. Ruth, Matthew G. Dines and SNK Real Property Holding, LLC.

Build's principal office is located at 3608 West Truman Blvd., Suite 200, Jefferson City, Missouri 65109. Regular business hours are 8:00 AM through 5:00 PM. The firm can be contacted by phone at (833) 852-8453.

### Portfolio Management Services

We provide portfolio management and advisory services to institutional clients, businesses, individuals, and high net worth individuals. We tailor our advisory services to the individual needs of our clients. We gather information about the client such as investment needs, goals and objectives, risk profile and time horizon to help us manage the account. As changes arise, we update the account information and adjust the account accordingly.

If you participate in our discretionary portfolio management services, you will grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms. Clients may impose restrictions on investing in certain securities or types of securities or other instructions as agreed to by us and as documented in the investment advisory agreement.

### Types of Investments

We offer advice on stocks, bonds, mutual funds, exchange-traded funds ("**ETFs**"), options, private funds, alternative investments, and other open or closed-end funds.

We will advise you on various types of investments based on your stated goals, risk tolerance and objectives. We may provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or may conflict with the advice we give to other clients regarding the same security or investment.

### Advisory Services to Collective Investment Trust

Build provides ongoing discretionary portfolio management services to a registered trust company and the trustee of a collective investment trust ("**CIT**"). When providing portfolio management services, we not only make recommendations related to investments, but also implement those recommendations and provide ongoing monitoring and reporting.

Build manages Employee Retirement Income Security Act of 1974 ("**ERISA**") assets in the CIT. The CIT is bank maintained and is not registered with the Securities and Exchange Commission (the "**SEC**"). The CIT is not a mutual fund registered under the Investment Company Act of 1940, as amended, ("**1940 Act**"), and unit holders are not entitled to the protections of the 1940 Act. The regulations applicable to the CIT are different from those applicable to a mutual fund. The CIT's units are not securities registered under the Securities Act of 1933, as amended, or under the applicable securities laws of any state or other jurisdiction.

From time to time, Build will provide to the trustee of the CIT/CIF a list of proposed security types and/or investment types for each CIF within the CIT. The Trustee will review the list and provide Build with a list of approved security and/or investment types for each CIF. In addition, Build will provide periodic reports to the Trustee regarding the strategies that Build is employing to manage the CIF assets.

### Sub-Advisory Services to Registered Investment Advisers

We offer sub-advisory services to unaffiliated third party money managers (the "**Primary Investment Adviser**").

As part of these services, we will manage assets delegated to us by the Primary Investment Adviser. While we are responsible for the overall management of the assets delegated to us, we will not communicate investment recommendations or selections directly to the Primary Investment Adviser's individual clients.

### **Investment Adviser to Investment Company**

Build serves as the investment adviser to the Build Bond Innovation ETF (the "**Build ETF**") and is responsible for the Build ETF's investment operations, subject to the general oversight of the Build ETF's Board of Trustees. Build may retain a sub-adviser and may delegate responsibility for the day-to-day management of the Build ETF, such as trading portfolio securities for the Build ETF, including selecting broker-dealers to execute purchase and sale transactions or in connection with any rebalancing or reconstitution of the Build ETF, to the sub-adviser. The sub-adviser would be subject to the supervision and oversight of Build.

### **Investment Adviser to Private Funds**

Build serves as the investment adviser to one or more private funds (the "**Private Funds**") and is responsible for the Private Funds' investment operations.

As of December 31, 2022, we provided continuous management services for \$105,446,669 in client assets on a discretionary basis, and \$0 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Portfolio Management Services**

Our annual fee for portfolio management services varies between 0.25% and 2%, depending upon the market value of your assets under our management, the type and complexity of the asset management services provided, and the level of administration requested either directly or assumed by the client. Your specific fee will be included in the investment management agreement you sign with us. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion. Fees may be negotiable based on the same considerations.

Our annual portfolio management fee is billed and payable, monthly in arrears, based on the asset value of your account on the last day of each month, unless the client has opted to pay management fees from a different account or entered into a flat fee, or hourly fee arrangement. In the event fees are deducted from a client's account, the Custodian will be directed to pay us directly from client accounts upon receiving an invoice from us.

If the investment management agreement is executed at any time other than the first day of a calendar month, our fees will apply on a *pro rata* basis, which means that the advisory fee is payable in proportion to the number of days in the month for which you are a client.

You may terminate the investment management agreement upon written notice. You will incur a *pro rata* charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the month for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Custodial fees will be paid as arranged between you and the custodian. You may also pay brokerage fees for account transactions. See *Brokerage Practices*, below, for more information.

Please see the section *Additional Fees and Expenses* below.

### **Advisory Services to Collective Investment Trust**

Build's fees for the management of the assets within the CIT/CIF are negotiated, contract-specific, and project-based. Currently our fee is based on an annual rate of 65 basis points (0.65%) of the assets in the CIT/CIF we manage together with any applicable custodial fee that the custodian may separately charge.

Our fees are currently deducted by the custodian on a daily basis, at the direction of the Trustee, based on an amortized schedule and set aside for future reimbursement to Build. The Trustee will reimburse Build those collected fees in arrears monthly. For any partial billing periods, the fee will be prorated based upon the number of days the account was open.

Please see the section *Additional Fees and Expenses* below.

### **Investment Management Services to the Registered Investment Company**

For its services as investment adviser to the Build ETF, Build is paid a monthly management fee by the Build ETF at an annual rate (stated as a percentage of the average daily net assets of the Build ETF) of 0.45%.

### **Investment Management Services to the Private Funds**

For its services as investment adviser to the Private Funds, we are paid management and other fees, which are described in each Private Fund's offering documents (the "**Offering Documents**").

### **Investment Management Services as a Sub-Adviser**

Fees and payment arrangements are negotiable and will vary based on the needs and complexity and size of the sub-advised account and as outlined in the sub-advisory agreement between Build and the sub-adviser.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in pooled funds such as mutual funds, ETFs or other fund types. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by funds (described in each fund's prospectus or equivalent disclosure) to their shareholders. These fees will generally include a management fee and other fund expenses. If you invest in a fund for which we serve as investment adviser, we will be paid a management fee from the fund and will not charge you an advisory fee for those assets in your account greater than the total management fee you have agreed to pay. You may also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

When we offer annuities, life insurance, or other insurance products to clients as requested and where suitable, the fees paid to Build for investment advisory services are separate and distinct from the expenses charged by the product sponsor in the case of insurance products. These fees and expenses are described in each variable product's prospectus or other product disclosures and can include a management fee and a possible distribution fee for example. If the sponsor also imposes sales charges, a client may pay an initial or deferred sales or surrender charge. A client could invest in these products directly, without the services of Build. Accordingly, the client should review both the fees charged by the product sponsor and the fees charged by Build to fully understand the total fees to be paid.

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

Build does not currently charge performance-based fees.

## **Item 7 Types of Clients**

We offer investment advisory services to investment companies, other investment advisers, a trust company, the Build ETF, one or more Private Funds, institutional clients, businesses, and individuals, including high net worth individuals. We also provide model-based offerings.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your account if it falls to a level which, in our sole opinion, is too small to manage effectively. We reserve the right to charge a minimum annual advisory fee regardless of account size.

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

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status, investment time horizon, or risk tolerance.

## Our Methods of Analysis and Investment Strategies

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you. If a client requires a specific type of analysis for their account, we will outline that need in the client's investment policy statement.

**Technical Analysis** - involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

**Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

**Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Cyclical Analysis** - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions.

**Risk:** The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

**Modern Portfolio Theory** - a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets.

**Risk:** Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

**Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

**Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long term, which may not be the case. There is also the risk that the segment of the market that you are invested in, or perhaps just your particular investment, will go down over time, even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost--"locking up" assets that may be better utilized in the short term in other investments.

**Short-Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

**Risk:** Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of time.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including, for example, a change in your current or expected income level, tax circumstances, or employment status.**

## Cash Management

We manage cash balances in your account based on the yield and the financial soundness of the money markets and other short term instruments.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Your custodian will default to the First-In First-Out ("**FIFO**") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax adviser to determine if this accounting method is the right choice for you. If your tax adviser believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

**Liquidity Risk:** The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

**Credit Risk:** Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

**Inflation and Interest Rate Risk:** 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 a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

**Horizon and Longevity Risk:** The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

### **Recommendation of Particular Types of Securities**

We recommend various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

**Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it.



However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common), the health of the market sector of the issuing company, and the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are. However, the size of an issuer is not, by itself, an indicator of the safety of the investment.

**Bonds:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and ETFs are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (such as equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stocks, and their price can fluctuate throughout the day. The returns on mutual funds and ETFs will be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into or sell out of the fund, other types of mutual funds do charge such fees, which also will reduce returns. Mutual funds can also be "closed-end" or "open-end". Open-end mutual funds continue to allow in new investors indefinitely, whereas closed-end funds have a fixed number of shares to sell, which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

**Limited Partnerships:** A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner has management authority and unlimited liability. The general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and their liability is limited to the amount of their capital commitment. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership. The range of risks is dependent on the nature of the partnership and disclosed in the offering documents if privately placed. Publicly traded limited partnership have similar risk attributes to equities. However, like privately placed limited partnerships their tax treatment is under a different tax regime from equities. You should speak to your tax adviser in regard to their tax treatment.

### **Specific Risks Related to Investments in Private Funds**

Investing in Private Funds involves substantial risks beyond those described above. Private Funds are suitable only for persons of sufficient financial means who have no need for liquidity in this investment. There can be no guarantee that (1) investing in a Private Fund will be successful, or (2) investors will not lose all or substantially all of their investment in a Private Fund. Returns generated from a Private Fund's investments may not adequately compensate investors for the financial risk they assume by investing in the Private Fund.

The risks associated with investing in each Private Fund are specific to the provisions of each fund, including the investment strategy. A description of certain risks associated with each Private Fund is included in the Offering Documents.

### **Alternative Investments**

Alternative Investments are normally investments with companies or sectors that are not publicly traded. These investments are normally very illiquid; therefore, they are not ideal for clients with frequent cash needs. There is

normally no public market for private equity shares, if investors need to sell their shares, they may have to do so at a substantial discount. These investments should be viewed as long-term investments. These Investments are highly speculative and may only be suitable for clients who (a) understand and are willing to assume the economic, legal and other risks involved, and (b) are financially able to assume significant losses. Before deciding to invest in Alternative Investments, clients should carefully consider their investment objectives, level of experience, and risk appetite. The possibility exists that a client could sustain a loss of some or all of its initial investment. Clients should be aware of all of the risks associated with Alternative Investments prior to investing.

**Options Contracts:** Options are complex securities that involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date"). The two types of options are calls and puts:

A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.

A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

Selling options is more complicated and can be even riskier.

The option trading risks pertaining to options buyers are:

- Risk of losing your entire investment in a relatively short period of time.
- The risk of losing your entire investment increases if, as expiration nears, the stock is below the strike price of the call (for a call option) or if the stock is higher than the strike price of the put (for a put option).
- European style options which do not have secondary markets on which to sell the options prior to expiration can only realize their value upon expiration.
- Specific exercise provisions of a specific option contract may create risks.
- Regulatory agencies may impose exercise restrictions, which stops you from realizing value.

The option trading risks pertaining to options sellers are:

- Options sold may be exercised at any time before expiration.
- Covered Call traders forgo the right to profit when the underlying stock rises above the strike price of the call options sold and continue to risk a loss due to a decline in the underlying stock.
- Writers of Naked Calls risk unlimited losses if the underlying stock rises.
- Writers of Naked Puts risk substantial losses if the underlying stock drops.
- Writers of naked positions run margin risks if the position goes into significant losses. Such risks may include liquidation by the broker.
- Writers of call options could lose more money than a short seller of that stock could on the same rise on that underlying stock. This is an example of how the leverage in options can work against the option trader.
- Writers of Naked Calls are obligated to deliver shares of the underlying stock if those call options are exercised.
- Call options can be exercised outside of market hours such that effective remedy actions cannot be performed by the writer of those options.
- Writers of stock options are obligated under the options that they sold even if a trading market is not available or they are unable to perform a closing transaction.
- The value of the underlying stock may surge or decline unexpectedly, leading to automatic exercises.

Other option trading risks are:

- The complexity of some option strategies is a significant risk on its own.
- Option trading exchanges or markets and option contracts themselves are open to changes at all times.
- Options markets have the right to halt the trading of any options, thus preventing investors from realizing value.
- Risk of erroneous reporting of exercise value.
- If an options brokerage firm goes insolvent, investors trading through that firm may be affected.
- Internationally traded options have special risks due to timing across borders.

Risks that are not specific to options trading include market risk, sector risk and individual stock risk. Option trading risks are closely related to stock risks, as stock options are a derivative of stocks.

**Derivatives:** Derivatives are types of investments where the investor does not own the underlying asset. There are many different types of derivative instruments, including, but not limited to, options, swaps, futures, and forward contracts. Derivatives have numerous uses as well as various risks associated with them, but they are generally considered an alternative way to participate in the market. Investors typically use derivatives for three reasons: to hedge a position, to increase leverage, or to speculate on an asset's movement. The key to making a sound investment is to fully understand the characteristics and risks associated with the derivative, including, but not limited to counterparty, underlying asset, price, and expiration risks. The use of a derivative only makes sense if the investor is fully aware of the risks and understands the impact of the investment within a portfolio strategy. Due to the variety of available derivatives and the range of potential risks, a detailed explanation of derivatives is beyond the scope of this disclosure.

**Futures:** Futures are financial contracts obligating the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price. The primary difference between options and futures is that options give the holder the *right* to buy or sell the underlying asset at expiration, while the holder of a futures contract is *obligated* to fulfill the terms of his/her contract. Buyers and sellers in the futures market primarily enter into futures contracts to hedge risk or speculate rather than to exchange physical goods. Futures are not only for speculating. They may be used for hedging or may be a more efficient instrument to trade than the underlying asset.

Each strategy developed by Build seeks to meet or outperform long-term returns of benchmarked investments while providing some level of risk mitigation, with the understanding that all investing in securities involves risk of loss that clients should be prepared to bear.

## Item 9 Disciplinary Information

Not applicable.

## Item 10 Other Financial Industry Activities and Affiliations

Build or its management persons have relationships in the following financial industry categories:

### Broker-Dealer

John Ruth, President and CEO, provides investment advice on behalf of our firm and is a registered representative with Foreside Fund Services, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. See Item 5 *Fees and Compensation* section in this Brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### Build ETF

We act as the investment adviser to the Build ETF. Where appropriate, we will exercise our discretionary authority and, without further approval from you, we may invest a percentage of your assets in the Build ETF. This creates a conflict of interest because we will receive compensation as your investment adviser through our firm and as the investment adviser to the Build ETF. To address this conflict, Build will reduce your investment advisory fee by the amount of fees charged for your investments in the Build ETF. You should refer to the Build

ETF prospectus for a complete description of fees, investment objectives, risks and other relevant information associated with investing in the Build ETF. Refer to Item 16 *Investment Discretion* below for additional disclosures on our discretionary authority to manage your investment account.

Certain of our Associated Persons, including executive officers of our firm, may also serve in a control capacity for the Build ETF. The compensation of these Associated Persons may be based, in part, upon the profitability of the Build ETF. Our relationship to the Build ETF may involve sharing or joint compensation, or separate compensation, subject to proper disclosures and the requirements of applicable law.

When we allocate client separate account assets to the Build ETF, your account will also incur its share of the Build ETF's fees and expenses (custodian, transfer agent and director fees, for example). Because we receive management fees from the Build ETF, your investment in the Build ETF benefits us. Additionally, we may have an incentive to invest your assets in the Build ETF if its fee structure is more efficient than our separate account fee arrangement with you. Furthermore, Build clients' separate accounts may hold a significant portion of the Build ETF's shares, which results in an additional conflict of interest.

### **Insurance Company or Agency**

John Ruth is a licensed insurance agent and can offer such products as annuities, life insurance and other insurance products to clients. See Item 5 *Fees and Compensation* section in this Brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

### **Private Funds**

Build serves as investment adviser to one or more Private Funds. Each Private Fund's Offering Documents will include a discussion of various conflicts of interest. For example, if you elect to invest in a Private Fund that is offered to you, those assets will no longer be part of your separate account with us or held in your custodial account, and capital you invest in a Private Fund will be charged fees as described in its Offering Documents. Those fees incentivize us to offer a Private Fund to you. We mitigate that conflict by offsetting any fees we earn as the manager of a Private Fund from advisory fees we charge you in your separate account with us.

Investing in Private Funds present other conflicts of interest, including that we are incentivized to offer you a Private Fund because your capital in it may be required to remain in the Private Fund for an extended period of time during which we will earn fees on that capital—which is typically different than your capital we invest for you in more liquid investments in your separate account (which you can terminate at any time).

You should carefully review any Private Fund's Offering Documents to better understand its risks, investment strategies, our conflicts of interest, and our compensation.

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

### **Code of Ethics**

Build has adopted a Code of Ethics ("**Code**") expressing the firm's commitment to ethical conduct. The Build Code of Ethics is based on the principle that the firm owes a fiduciary duty to any person or institution for which it serves as investment adviser to ensure that the personal securities transactions of the firm and its employees do not interfere with, or take unfair advantage of, their relationship with clients. The Code details practices for reviewing the personal securities transactions of all employees.

The Code also requires compliance with applicable securities laws, addresses insider trading, and details possible disciplinary measures for violations. Build will provide a complete copy of its Code of Ethics to any client upon request to the Chief Compliance Officer.

### **Participation or Interest in Client Transactions**

We act as the investment adviser to the Build ETF. Where appropriate, we will exercise our discretionary authority and, without further approval from you, will invest a percentage of your assets in the Build ETF. This creates a conflict of interest because we will receive compensation as your investment adviser and as the investment adviser to the Build ETF. To avoid this conflict of interest, we will reduce the investment advisory fee for the portion of your account invested in the Build ETF by the amount of fees that we receive from your investment in the Build ETF. Additionally, individuals associated with our firm may buy or sell—for their personal account(s)—investment products identical to those purchased by the Build ETF. This practice may create a

conflict of interest because we have the ability to trade ahead of the Build ETF and potentially receive more favorable prices than the Build ETF will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor our Associated Persons shall have priority over the Build ETF in the purchase or sale of securities.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

To address any conflicts of interest that could arise if Build or its employees buys or sells securities for their personal accounts at or about the same time that the same securities are bought or sold for any client's account, Build implements the following black-out periods in the Code:

1. Same Day. All Access Persons are prohibited from trading (buy or sell) on a day when a client account has a pending "buy" or "sell" order in the same or equivalent security (i.e., any option to purchase or sell and any security convertible into or exchangeable for that security) until that client account order is executed or withdrawn. Any personal trades executed within the proscribed blackout period will be considered a violation of the Policy and subject to the sanctions contained within the Code.
2. Three Day. All Access Persons are prohibited from trading (buy or sell) within **three (3) business days** before or after the same or equivalent security (i.e., any option to purchase or sell and any security convertible into or exchangeable for that security) is being bought or sold in a client account.

### **Build ETF**

When selecting underlying funds for client accounts, unless a categorical exception applies, we may limit our selection to the Build ETF and not consider or canvass the universe of unaffiliated ETFs available, even though there may be unaffiliated ETFs that may be more appropriate for the client accounts that have superior historical returns. When selecting underlying funds for client accounts, absent certain exceptions, we generally select unaffiliated funds in order to meet account objectives that differ from the Build ETF.

We and our employees may receive increased compensation in the form of the fees and expenses charged by the Build ETF. We have an incentive to allocate assets of a separately managed account to the Build ETF because it is relatively small and may pay higher fees to us. In addition, we could have an incentive not to withdraw a separately managed account's investment from the Build ETF in order to avoid or delay the withdrawal's adverse impact on the Build ETF. We have a conflict of interest to the extent that we recommend or invest client accounts in the Build ETF because we benefit from increased allocations to the Build ETF. We face conflicts of interest when considering the effect of redemptions on the Build ETF in deciding whether and when to redeem a client's interests in the Build ETF. A large redemption of units by our discretionary clients could result in the Build ETF selling securities when it otherwise would not have done so, and increasing transaction costs. A large redemption could also significantly reduce the assets of the Build ETF, causing decreased liquidity and, depending on any applicable expense caps, a higher expense ratio or liquidation of the Build ETF. We have policies and controls in place to govern and monitor our activities and processes for identifying and managing conflicts of interest.

## **Item 12 Brokerage Practices**

For our portfolio management and advisory services, we recommend the brokerage and custodial services of Charles Schwab (the "**Custodian**"). Regardless of the broker you choose, your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere. Our selection of custodian is based on many factors, including the level of services provided, the custodian's financial stability, and the cost of services provided by the custodian to our clients, which includes the yield on cash sweep choices, commissions, custody fees and other fees or expenses.

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, the most favorable compared to other available providers and their services. We consider various factors, including:

- Capability to buy and sell securities for your account itself or to facilitate such services.
- The likelihood that your trades will be executed.
- Availability of investment research and tools.
- Overall quality of services.
- Competitiveness of price.
- Reputation, financial strength, and stability.
- Existing relationship with our firm and our other clients.

### **Research and Other Soft Dollar Benefits**

Build does not participate in any soft dollar arrangements.

### **Economic Benefits**

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products are in addition to any benefits or research we pay for with soft dollars, and may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Aggregated Trades**

We may combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage (this practice is commonly referred to as "aggregated trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, participating accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment.

We do not aggregate trades for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

### **Brokerage for the CIT/CIF**

The Trustee of the CIT/CIF currently uses Fidelity as its introducing broker-dealer and as the custodian of client assets. It should be noted, however, that if a different custodian is desired by the Trustee or of the plan administrator of assets within a particular CIF, Build may not be able to achieve identical execution performance when using different broker-dealers or custodians, which could result in increased costs.

### **CIT and ETF Brokerage and Custody Costs**

Build's clients will receive various services directly from the introducing broker-dealer and/or custodian. For the advisory services to the Trustee and the CIT/CIF, Fidelity generally does not charge separately for custody services, but instead is compensated by charging commissions or other fees on certain trades that it executes or trades that are executed by other brokers to and from the custodial accounts. Build' relationship to the custodian

and its relationship to the client are entirely independent of trade commissions assessed by the custodian in client accounts. The custodian charges a fixed rate commission for all trades executed at other broker-dealers. Build has a fiduciary responsibility to seek best execution, and when economical, Build will execute trades with the custodian. Best execution means seeking the most favorable terms for a transaction based on all relevant factors.

When we recommend broker-dealers, we believe they will provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services recommended broker-dealers provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Products and Services Available to Us from Brokers/Custodians for the CIT/CIF**

Fidelity provides us with access to its institutional brokerage services like trading, custody, reporting, and related services, many of which are not typically available to retail customers. Fidelity also makes available various support services, some of which may help us manage or administer our clients' accounts, while others may help us manage and grow our business.

Fidelity's institutional brokerage services that benefit clients directly include access to a broad range of investment products, execution of securities transactions, and asset custody. The investment products available through our custodian include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Fidelity also makes available to us other products and services that benefit us but may not directly benefit a client account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both the custodian's own and that of third parties. We may use this research to service client accounts, including accounts not maintained at the supplying custodian. In addition to investment research, the custodian also makes available software and other technology that provide access to client account data, facilitates trade execution for multiple client accounts, provides pricing and other market data, facilitates payment of our fees from our clients' accounts, and assists with back-office functions, recordkeeping, and client reporting. Fidelity also offers other services intended to help us manage and further develop our business.

The availability of these services from Fidelity benefits us because we do not have to produce or purchase them. Of course, this may give us an incentive to recommend that clients maintain accounts with Fidelity based on our interests rather than a client's, which is a potential conflict of interest. We believe, however, that our selection of custodians is in the best interests of our clients, and is primarily supported by the scope, quality, and price of our custodians' services and not those services that benefit only us.

## **Item 13 Review of Accounts**

### **Reports for the Portfolio Management Service**

Your account will be monitored by the firm's investment management team, led by Matt Dines, CIO. Depending on your needs, you may be assigned a specific Investment Adviser Representative. John Ruth, Matt Dines and David Martin are investment adviser representatives of the firm. Your account will be monitored on an ongoing basis and our firm will conduct account reviews at least annually to ensure that the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including:

- contributions and withdrawals;
- year-end tax planning (however, our firm does not provide tax advice – please consult a qualified tax professional for tax related matters);
- market moving events;
- security specific events; and/or
- changes in your risk/return objectives.

We will provide you with additional or regular written reports in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account

holdings and account performance, etc. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

### **Reports for the CIT/CIF**

For the CIT/CIF, asset statements are provided by the custodian, typically on a daily basis.

Performance reviews are provided on a quarterly basis in either electronic or paper form per the client's request. The review reports will generally cover performance, transactions and a commentary germane to the current conditions. This report will be provided on a less frequent basis if requested by the client. At the time of the execution of a trade, trade confirmations are delivered by the custodian either electronically or via mail as directed by the client.

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

Build does not compensate any outside parties for client referrals, nor does Build receive compensation or any economic benefit for client referrals.

Refer to the Item 12 *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

## **Item 15 Custody**

We do not directly debit advisory fees from your account and we do not exercise custody over your funds or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities. If you have a question regarding your account statement or if you did not receive a statement from your custodian, contact your custodian directly. We urge you to carefully review these custodial statements when you receive them, and compare them with any reports that you receive from us.

The Build ETF prospectus and each Private Fund's Offering Documents describe those funds' custodial arrangements.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and the appropriate trading authorization forms.

You may grant our firm discretion in the investment management agreement over the selection and amount of securities to be purchased or sold for your account(s). When we exercise discretionary authority, we will manage your account without obtaining your consent or approval prior to each transaction. Refer to Item 4 *Advisory Business* section in this brochure for more information on our discretionary management services.

The Build ETF prospectus and each Private Fund's Offering Documents describe our discretion to manage those funds.

## **Item 17 Voting Client Securities**

### **Proxy Voting for the Portfolio Management Service**

We have the authority to vote proxies in our discretionary portfolio management service, unless you expressly reserve such decisions. We will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations.

Conflicts of interest between you and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you,



and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict.

We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

#### **Proxy Voting for the CIT/CIF and the ETF**

Although Build has the ability and discretion to vote proxies solicited by or with respect to the issuers of securities and other instruments in which assets of any CIF may be invested, Build has elected not to vote proxies on behalf of any assets within the CIF. However, we may provide assistance related to proxy voting when requested. Generally, clients will receive proxy materials directly from the account custodian. If, at any time, Build determines that it is in the client's best interest for Build to vote proxies for any securities or other instruments in which assets of any CIF may be invested, Build will establish policies and procedures, in accordance with SEC rule 206(4)-6, to notify clients of such policy change and disclose how clients may obtain information from us about how Build voted their securities. Build will also disclose to clients that they may obtain a copy of our proxy voting policies and procedures upon request.

The Proxy Voting Policy of the Build ETF is described in its prospectus.

### **Item 18 Financial Information**

Not applicable.