

**Item 1. Cover Page**

**STEP ADVISERS, LLC**

a Registered Investment Adviser



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This brochure (the "Brochure") provides information about the qualifications and business practices of Step Advisers, LLC ("Step Advisers" or the "Firm"). Registration does not imply a certain level of skill or training. If you have any questions about the contents of the Brochure, please contact the Firm at 510-936-3747. The information in the Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Step Advisers also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **Item 2. Material Changes**

This Item discusses material changes to the Brochure since its last annual update. The Firm has no changes to disclose in relation to this Item.



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## Item 4. Advisory Business

Step Advisers is an SEC registered investment adviser that was formed in June 2022. The Firm is wholly owned by Step Mobile, Inc. ("Step").

Step Advisers provides internet-based non-discretionary investment advisory services with respect to securities held in separately managed accounts of adults (age 18 and older) (each a "Client," and collectively, "Clients") who are users (each a "User," and collectively "Users") of a mobile application offered by Step (the "Step app"). A User of the Step app is not a Client of Step Advisers unless and until they enter into an Investment Advisory Agreement with the Firm, as described below. Step Advisers' investment advisory services are tailored to teenagers (age 13 through age 18) and adults to buy and sell securities curated by the Firm.

With respect to teens under 18, this is accomplished through the implementation of a written trading authorization ("Trading Authorization") that authorizes Client's teenage children (including teenage children for whom they serve as legal guardians) who are users of the Step app (each a "Teen Investor" and collectively, "Teen Investors") to invest among a curated selection of securities recommended by the Firm, subject to the Client's control and monitoring, such as enabling or disabling a Teen Investor's ability to make investments and setting dollar limits on trading. Clients retain legal ownership of the account and may revoke the Teen Investor's Trading Authorization at their sole discretion.

Step Advisers interacts with Clients and Teen Investors predominantly through a software application that is available through the Step app, and its advisory services are delivered solely through the Step app. Step Advisers does not provide investment advice in person, over the phone, or in any manner other than through the Step app. Step Advisers maintains an online presence through [www.step.com](http://www.step.com), primarily for informational purposes.

To enter into an advisory relationship, a Client is required to agree to an investment advisory agreement with Step Advisers ("Investment Advisory Agreement"), which discusses the services the Client will receive, the fees charged to the Client (as applicable), and the conditions of the Client's relationship with Step Advisers. The Firm's advisory relationship with a Client begins upon the effective date of the Investment Advisory Agreement with a Client. Any preliminary information provided to a Client before the Firm accepts the Investment Advisory Agreement does not constitute investment advice under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and should not be relied on as such. .

A Client must also open a securities brokerage account and provide non-discretionary authority over such accounts to Step Advisers. Brokerage accounts, agreements, and order processing will be conducted through a DriveWealth, LLC ("Custodian"), an unaffiliated SEC-registered broker-dealer and Financial Industry Regulatory Authority ("FINRA") member, which provides brokerage related services to Step Advisers and Clients within the Step Advisers Step app. Custodian will also provide custody, clearing, and settlement services for Step Advisers' Clients. Using Custodian's application program interface ("API"), the Step app allows Clients to create an investment account instantly on any mobile device. Custodian will buy and sell supported securities assets, store securities assets acquired by Clients, and track securities transactions via the Step app. The investments in each Clients' account are held in a separate account in their name at Custodian, and not with Step Advisers.



Through a questionnaire in the Step app, Clients provide personal information about themselves, including financial resources, income information, and employment status, and each Client provides information about their investment goals and/or risk tolerance. Step Advisers utilizes the information from the questionnaire responses to create investment recommendations customized to the risk tolerance (“Investment Needs”) of each Client. Step Advisers evaluates each Client’s responses and makes recommendations aligning with these Investment Needs.

The investment recommendations made by Step Advisers for each Client are based solely upon the information provided to the Firm through the Step app. As such, the suitability of the Firm’s investment recommendations is limited by and relies on the accuracy and completeness of the information provided by the Client. Step Advisers does not capture any additional information not covered in the questionnaire in making its risk assessment and providing its investment advice. Clients are obligated to update their information through the Step app promptly if there are changes to their financial situation, goals, objectives, personal circumstances or if other relevant information changes or becomes available.

Step Advisers’ investment advisory services consist of non-discretionary investment recommendations made to Clients by the Firm through the Step app. The Firm’s recommendations consist of curated buckets of equity securities, and American Depositary Receipts (“ADRs”) and exchange traded funds (“ETFs”), sorted according to risk (Low Volatility, Moderate Volatility, High Volatility). Clients and Teen Investors, subject to the limitations imposed by Trading Authorizations, as applicable, are responsible for determining the securities for Clients’ portfolios and proceeding with transactions from among the securities in the buckets for which the Client is eligible based on their Investment Needs. Step periodically updates the securities within the buckets and advises Clients when securities held in their portfolios are no longer consistent with their Investment Needs. Step Advisers has non-discretionary authority to effect securities transactions on behalf of Clients, as described above. Non-discretionary trading authority permits Step Advisers to effect transactions to buy or sell securities with the prior consent of the Client or, where permitted by a Trading Authorization, the Teen Investor. Such prior consent is required for each transaction recommended by Step. Clients and Teen Investors are limited to purchasing securities within buckets for which the Client is eligible based on their Investment Needs.

Step Advisers does not provide comprehensive financial or tax planning or legal advice, and Clients are advised and afforded the opportunity to seek the advice and counsel of the Client’s own tax, financial, and legal advisers. The Firm’s services are not a complete investment program and Clients should not use it as the sole component of their investment plan.

The Firm does not have assets under management as of the date of this Brochure.

## **Item 5. Fees and Compensation**

Step Advisers does not charge a fee for its advisory services, however, in connection with the Firm’s advisory services, Clients will incur certain charges, fees, and commissions payable to third-parties unaffiliated with the Firm. These include (but are not limited to) brokerage fees and commissions charged by Custodian or other broker-dealers through which Step Advisers executes securities transactions for Clients, odd-lot differentials, transfer taxes, wire transfer and



electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additional information on the Firm's brokerage practices is set forth in Item 12, below.

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

Step Advisers does not provide any services to Clients for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a Client.

## **Item 7. Types of Clients**

Step Advisers provides services to individuals.

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

As set forth above, Step Advisers' recommendations consist of curated buckets of equity securities ADRs, and ETFs sorted according to risk (Low Volatility, Moderate Volatility, High Volatility).

Step Advisers selects equity securities ADRs, and ETFs and assigns them to risk-based buckets based on the Firm's qualitative and quantitative due diligence. The Firm chooses stocks because of their exposure to specific industries, liquidity, transparency, risk profile, and diversification. In the Firm's due diligence and analysis process, the Firm utilizes a form of quantitative analysis in which it analyzes historical market data (including volatility) and other benchmarks. The Firm will use the data inputs collected from the Client to recommend stocks that it believes will meet the Client's Investment Needs. The Firm periodically reviews the equity securities, ADRs, and ETFs and their assignment among the Firm's risk-based buckets.

Client portfolios constructed based on the Firm's recommendations are not fully diversified and will be subject to general movements in the securities market and the value fluctuations of each issuer's securities. Step Advisers does not guarantee the future performance of any Client's account or portfolio. Clients must understand that investments made via the Step app involve substantial risk and are subject to various market, currency, economic, political, and business risks, and that those investment decisions and actions will not always be profitable. Clients may lose some or all of the amount invested.

High volatility and/or the lack of deep and active liquid markets may prevent the sale of a Client's securities at all, or at an advantageous time or price because Step Advisers and Custodian may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. The Step app, by its automated nature, limits excessive trading risk, although human programming error may result in excessive trading. Step Advisers cannot guarantee any level of performance or that any Client will avoid a loss of account assets. Any investment in securities involves the possibility of financial loss that Clients should be prepared to bear.



Subject to the Advisers Act, Step Advisers shall have no liability for any losses in a Client's account. The price of any security can decline for a variety of reasons outside of Step Advisers' 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 Step Advisers' judgment or investment decisions about particular securities will necessarily produce the intended results. Step Advisers' judgment may prove to be incorrect, and a Client might not achieve his or her investment objectives.

When evaluating risk, financial loss may be viewed differently by each Client 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 Client before entering the Step app. These risks should be considered as possibilities, with additional regard to their actual probability of occurring and the effect on a Client if there is, in fact, an occurrence.

- **Market Risk**: The price of a security, mutual fund, exchange-traded fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, 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 Client 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 market assets. Conversely, a low allocation to a particular asset class that outperforms other asset/classes in a particular period may cause that Client account to underperform relative to the overall market.
- **Investment Risk**: There is no guarantee that Step Advisers' judgment or investment decisions about particular securities and asset classes will necessarily produce the intended results. Step Advisers' judgment may prove to be incorrect, and a Client might not achieve his or her investment objectives. Step Advisers may also make future changes to the investing algorithms and services that it provides. In addition, it is possible that Clients or Step Advisers itself may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to Step Advisers' software based financial service.
- **Volatility and Correlation Risk**: Clients should be aware that Step Advisers' asset selection process 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 Client 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 may not reflect actual future performance.
- **Equity-Related Risk**: Investing in individual companies involves investments in common stocks and is subject to the volatility and individual risks associated with those stocks. 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.

- Concentration of Investments: Client portfolios constructed based on the Firm's advice may hold a relatively small number of security positions, which will expose the portfolio to the particular industry or market sector the security represents and the value of the specific company. Losses in one or more positions, or a downturn in an industry or market sector in which the company participates, could adversely affect the portfolio's performance in a particular period. Such limited diversification may heighten the concentration of risk, which, in turn, could expose the Client to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements with respect to investments.
- Liquidity and Valuation Risk: High volatility and/or the lack of deep and active liquid markets for a security may prevent the sale of a Client's securities at an advantageous time or price because Step Advisers and Custodian may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. Some securities (including ETFs) that hold or trade financial instruments may be adversely affected by liquidity issues as they manage their portfolios. While Step Advisers values the securities held in Client accounts based on reasonably available exchange-traded security data, Step Advisers 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 Step Advisers.
- Credit Risk: Step Advisers cannot control and Clients are exposed to the risk that financial intermediaries or issuers may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy or insolvency, any of which may affect portfolio values or advice given by Step Advisers. This risk applies to assets on deposit with any broker utilized by a Client, notwithstanding asset segregation and insurance requirements that are beneficial to Clients 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 Clients. 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 Client.
- 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.
- 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.

- **Automated Investing**: Step Advisers relies on static questionnaires consisting of a limited number of questions that form the sole basis for its investment recommendations. Such questionnaires are very limited in nature. The questions may not, or may not accurately, capture an individual Client's needs. Although Clients may change and update their responses, Step Advisers does not, at this time, make investment advisory personnel available to Clients to highlight and explain important concepts or clarify the details of a specific Client's financial goals and needs. Online and electronic interactions are limited compared to face-to-face individual advice.
- **Operational Risk**: Operational risk is the exposure to the chance of loss arising from shortcomings or failures in internal processes or systems of Step Advisers or Custodian, external events impacting those systems, and human error. A Client account may suffer a loss arising from shortcomings or failures in internal processes, people or systems, or from external events. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures.

Trade errors and other operational mistakes ("Operating Events") occasionally may occur in connection with Step Advisers' implantation of securities transactions for Client accounts. Step Advisers has policies and procedures that address identification and correction of Operating Events. An Operating Event generally is compensable by Step Advisers to a Client when it is a mistake (whether an action or inaction) in which Step Advisers has, in Step Advisers' reasonable view, deviated from the applicable investment guidelines or the applicable standard of care in servicing a Client account, subject to the considerations set forth below.

Operating Events may include, but are not limited to, the following: (i) the placement of orders (either purchases or sales) in excess of the amount intended to trade for a Client account; (ii) the purchase (or sale) of when it should have been sold (or purchased); (iii) a purchase or sale not intended for the Client account; and (iv) incorrect allocations of trades. Operating Events can also occur in connection with other activities that are undertaken by Step Advisers, such as fee calculations, and other matters that are non-advisory in nature.

Step Advisers makes its determinations regarding Operating Events pursuant to its policies on a case-by-case basis, in its discretion, based on factors it considers reasonable, including regulatory requirements, contractual obligations, and business practices. Not all Operating Events will be considered compensable mistakes.

Relevant factors Step Advisers considers when evaluating whether an Operating Event is compensable include, among others, the nature of the service being provided at the time of the event, specific applicable contractual and legal requirements and standards of care, whether an applicable investment guideline was contravened, and the nature of the relevant circumstances.



Operating Events may result in gains or losses or could have no financial impact. Clients are entitled to retain any gain resulting from an Operating Event. Operating Events, involving erroneous transactions in Client accounts generally are corrected in accordance with the procedures established by Step Advisers and/or Custodian.

When Step Advisers determines that reimbursement by Step Advisers is appropriate, the Client will be compensated as determined in good faith by Step Advisers. Step Advisers will determine the amount to be reimbursed, if any, based on what it considers reasonable guidelines regarding these matters in light of all of the facts and circumstances related to the Operating Event. In general, compensation is expected to be limited to direct and actual losses, which may be calculated relative to comparable conforming investments, market factors and benchmarks and with reference to related transactions, and/or other factors Step Advisers considers relevant. Compensation generally will not include any amounts or measures that Step Advisers determines are speculative or uncertain.

- Cybersecurity Risks: Step Advisers 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 Step Advisers' Clients by interfering with the processing of transactions, affecting Step Advisers' ability to calculate net asset value or impeding or sabotaging trading. Clients 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 Step Advisers to civil liability as well as regulatory inquiry and/or action. In addition, Clients could be exposed to additional losses as a result of unauthorized use of their personal information. While the Firm has established business continuity plans, incident responses 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 that the Firm recommends, which could result in material adverse consequences for such issuers and may cause a Client's investment in such securities to lose value.
- Reliance on Management and Other Third-Parties: ETF investments will rely on third-party management and advisers. Step Advisers will not have an active role in the day-to-day management of fund investments. Carried interest and other incentive distributions to fund management may create an incentive towards more speculative investments than would otherwise have been made.
- Market Volatility: General economic conditions have an impact on the success of investments recommended by Step Advisers. Changing external economic conditions in the U.S. and global economics could have a significant impact on the success of Step Advisers' investment recommendations and Clients' investments. The stability and sustainability of growth in global economies may be impacted by terrorism or acts of war.



There can be no assurance that such markets and economic systems will be available for issuers of securities available via the Step app to operate. Changing economic conditions, thus, could potentially adversely impact the valuation of Clients' investments in securities via the Step app.

- Large Investment Risks: Clients 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 Clients hold a significant portion of that investment may negatively impact the value of that the investment.
- Coronavirus Pandemic, Public Health Emergency and Global Economic Impacts: As of the date of this Form ADV Part 2A, there is an ongoing outbreak of a highly contagious form of coronavirus ("COVID-19"), which the World Health Organization declared a pandemic on March 11, 2020. The outbreak of COVID-19 has caused a worldwide public health emergency with a substantial number of hospitalizations and deaths and has significantly adversely impacted global commercial activity and contributed to both volatility and material declines in equity and debt markets. The global impact of the outbreak is rapidly evolving, and many country, state and local governments have reacted by instituting mandatory or voluntary quarantines, travel prohibitions and restrictions, closure or reduction of offices, businesses, schools, retail stores and other public venues and/or cancellation, suspension or postponement of certain events and activities, including certain non-essential government and regulatory activity. Businesses are also implementing their own precautionary measures, such as voluntary closures, temporary or permanent reductions in work force, remote working arrangements and emergency contingency plans. Such measures, as well as the general uncertainty surrounding the dangers, duration and impact of COVID-19, are creating significant disruption in supply chains and economic activity, impacting consumer confidence and contributing to significant market losses, including having particularly adverse impacts on transportation, hospitality, tourism, sports, entertainment and other industries dependent upon physical presence. As COVID-19 continues to spread, potential additional adverse impacts, including a global, regional, or other economic recession of indeterminate duration, are increasingly likely and difficult to assess.

The extent of the impact of COVID-19 on Step Advisers' and/or a Client's operational and financial performance and each Client's investments will depend on many factors, including the duration and scope of the resulting public health emergency, the extent of any related restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of the COVID-19 pandemic may materially and adversely impact the value, performance and liquidity of a Client's investments, Step Advisers' ability to source, recommend, and divest investments, all of which could result in significant losses to a Client.

In addition, COVID-19 and the resulting changes to global businesses and economies likely will adversely impact the business and operations of Clients, Step Advisers, and their respective affiliates. Certain businesses and activities may be temporarily or permanently halted as a result of government or other quarantine measures, voluntary



and precautionary restrictions on travel or meetings and other factors, including the potential adverse impact of COVID-19 on the health of key personnel.

- Other Catastrophic Risks: In addition to the potential risks associated with COVID-19 as outlined above, Clients, Step Advisers, and their respective affiliates, may be subject to the risk of loss arising from direct or indirect exposure to a number of types of other catastrophic events, including without limitation (i) other public health crises, including any outbreak of SARS, H1N1/09 influenza, avian influenza, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof; or (ii) other major events or disruptions, such as hurricanes, earthquakes, tornadoes, fires, flooding and other natural disasters; acts of war or terrorism, including cyberterrorism; or major or prolonged power outages or network interruptions. The extent of the impact of any such catastrophe or other emergency on Step Advisers' and/or a Client's operational and financial performance and each Client's investments will depend on many factors, including the duration and scope of such emergency, the extent of any related travel advisories and restrictions, the impact on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. In particular, to the extent that any such event occurs and has a material effect on global financial markets or specific markets in which a Client participates (or has a material effect on any locations in which Step Advisers operates or on any of its personnel) the risks of loss could be substantial and could have a material adverse effect on Clients or the ability of Step Advisers to fulfill its investment objectives on behalf of its Clients.
- 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, Clients 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 9. Disciplinary Information**

Neither Step Advisers nor its management persons have been involved in any legal or disciplinary events that are material to a Client's evaluation of its advisory business or the integrity of its management.

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

Step Advisers' parent company, Step, offers a Visa card designed for teenagers and a no-fee FDIC insured bank account through Evolve Bank & Trust, Member FDIC, through the Step app. Clients of Step Advisers are required to be clients of Step and Users of the Step app to engage Step Advisers for its investment advisory services. Because Step Advisers is owned by Step, there is a conflict of interest for Step Advisers to recommend Clients engage Step for services (or additional services).



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

Step Advisers has adopted a Code of Ethics (“Code”) as required by the applicable securities laws. The Code establishes and reinforces a standard of business conduct expected of its supervised persons and provides specific guidance related to managing conflicts of interests and Step Advisers’ fiduciary duty to its Clients. This includes procedures relating to: (1) the confidentiality of Client information; (2) a prohibition on insider trading; (3) a prohibition of rumormongering; (4) restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items; (5) personal securities trading procedures; and (6) reporting of internal violations of the Code, among other things. All supervised persons at Step Advisers must acknowledge the terms of the Code annually, or as amended. Step Advisers will provide a copy of its Code to Clients and prospective Clients upon request.

Step Advisers anticipates that, in appropriate circumstances, consistent with Clients’ investment objectives, it will recommend to accounts advised by Step Advisers to effect the purchase or sale of securities in which Step Advisers, its management persons and/or Clients, directly or indirectly, have a position or interest. These activities are expected to create conflicts of interest between Step Advisers and its Clients with regard to such matters as allocation of opportunities to participate in, or refrain from participation in, particular investments or to dispose of certain investments. The Firm addresses these conflicts in various ways, including (i) through disclosure in this Brochure and in the Investment Advisory Agreement; (ii) the Firm is required to recommend securities that are suitable for each Client based upon the Client’s Investment Needs; and (iii) the Firm has established a variety of restrictions, procedures and disclosures designed to address potential conflicts of interest—both those arising between and among Client accounts as well as between Client accounts and the Firm’s business.

Step Advisers’ employees and persons associated with Step Advisers are required to follow Step Advisers’ Code. Subject to satisfying the policies therein, and applicable laws, officers, directors, and employees of Step Advisers may trade for their own accounts in securities which are recommended to and/or purchased for Step Advisers’ Clients. The Code is designed to assure that the personal securities transactions, activities, and interests of the Firm’s employees 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, 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 Step Advisers’ Clients. Employee trading is continually monitored under the Code, and to reasonably prevent conflicts of interest between Step Advisers and its Clients.

To request a copy of the Code, please contact Step Advisers at 510-936-3747.

## **Item 12. Brokerage Practices**

Currently, Step Advisers requires Custodian as a broker-dealer for our Clients. In this respect, Step Advisers may be deemed to routinely direct Clients to execute transactions through specified broker dealers. In making this decision, Step Advisers takes into account commission rates,



execution quality, service and compatibility with Custodian software. Step Advisers places orders through Custodian for Clients. By directing brokerage to Custodian, Step Advisers may be unable to achieve the most favorable execution for Clients' transactions.

### **Item 13. Review of Accounts**

As set forth above, Step periodically updates the securities within its risk-based buckets and advises Clients when securities held in their accounts are no longer consistent with their Investment Needs. Step Advisers also reviews securities within a Client's accounts upon the Client informing the Firm of a change in his or her Investment Needs via the Step app. All information relating to Client accounts, including account performance and account balance, are provided on the Step app in real-time. In addition, Custodian prepares statements showing all transactions and account balances on at least a quarterly basis. Step Advisers urges Clients to compare Custodian account statements with the information available on the Step app.

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

Neither Step Advisers nor its related persons receive an economic benefit (such as sales awards or other prizes) from any third-party for providing investment advice to Clients. The Firm does not currently provide compensation to clients for testimonials or third-parties for endorsements.

### **Item 15. Custody**

Step Advisers does not maintain custody of Client assets that it advises through the Step app. Client assets are maintained in an account at a "qualified custodian," Custodian. Clients will receive account statements from Custodian on at least a quarterly basis. All Clients are advised to review their account statements promptly to confirm the accuracy of the information contained. Should discrepancies or errors be found, Clients should contact Step Advisers or Custodian directly.

### **Item 16. Investment Discretion**

Step Advisers has non-discretionary authority to manage assets on behalf of Clients engage the Firm, as described above. Non-discretionary trading authority permits Step Advisers to effect transactions to buy or sell securities with the prior consent of the Client or, where permitted by a Trading Authorization, the Teen Investor. Such prior consent is required for each transaction recommended by Step.

### **Item 17. Voting Client Securities**

Step Advisers does not exercise voting authority over Client proxies for Client securities. Clients receive proxies directly from the financial institution where their securities are custodied. The Firm does not provide advice on such issuer solicitations. Any requests to vote would be provided by



issuers directly to Step Advisers. Clients shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.

## **Item 18. Financial Information**

Step Advisers does not require or solicit the prepayment of any fees and does not have any financial condition that is reasonably likely to impair it from meeting its contractual commitments to Clients. Step Advisers has not been the subject of any bankruptcy proceedings.