



## Appreciate Personal Finance

Palo Alto, CA 94303

### **Form ADV Part 2A – Firm Brochure**

650-687-7089

Dated April 26, 2018

This Brochure provides information about the qualifications and business practices of Ariadne Horstman d/b/a Appreciate Personal Finance. If you have any questions about the contents of this Brochure, please contact us at 605-687-7089. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Appreciate Personal Finance is registered as an Investment Adviser with the State of California. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about APPRECIATE PERSONAL FINANCE is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using the firm's identification number 226689.

# Item 2: Material Changes

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Since the last annual filing of this Form ADV Part 2, dated January 25, 2017 there have been material changes. The financial planning prices have been increased; please see Item 5 for details. Also, the firm now offers investment management services on a non-discretionary basis only; please see Item 16 for information on investment discretion.

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# Item 4: Advisory Business

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## **Description of Advisory Firm**

Ariadne Horstman d/b/a Appreciate Personal Finance is registered as an Investment Adviser with the State of California. We were founded in May of 2015. Ariadne Horstman is the sole proprietor of APPRECIATE PERSONAL FINANCE. As of December 31, 2017, APPRECIATE PERSONAL FINANCE manages \$ 1,264,544 on a discretionary basis and \$0 on a non-discretionary basis.

## **Types of Advisory Services**

### **Investment Management Services**

We are in the business of managing individually tailored investment portfolios on a non-discretionary basis. Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy or an investment plan with an asset allocation target and create and manage a portfolio based on that policy and allocation target. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Fees pertaining to this service are outlined in Item 5 of this brochure.

Often we recommend third party investment managers who may manage the accounts on behalf of APPRECIATE PERSONAL FINANCE. Those investment managers will collect fees on behalf of APPRECIATE PERSONAL FINANCE and their own services in portfolio management and will distribute the fees appropriately to each party.

### **Financial Planning**

We provide financial planning services on topics such as retirement planning, risk management, college savings, cash flow, debt management, work benefits, and estate and incapacity planning.

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information and analysis will be considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern. The client and advisor will work together to select the specific areas to cover. These areas may include, but are not limited to, the following:

- **Cash Flow and Debt Management:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.
- **College Savings:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to grandchildren (if appropriate).
- **Employee Benefits Optimization:** We will provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.
- **Estate Planning:** This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts.

We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time-to-time, we will participate in meetings or phone calls between you and your attorney with your approval or request.

- **Financial Goals:** We will help clients identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal.

- **Insurance:** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **Investment Analysis:** This may involve developing an asset allocation strategy to meet clients' financial goals and risk tolerance, providing information on investment vehicles and strategies, reviewing employee stock options, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.
- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (i.e., working longer, saving more, spending less, taking more risk with investments).

If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

- **Risk Management:** A risk management review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance ("self-insuring").
- **Tax Planning Strategies:** Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their "tax efficiency," with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation.

We recommend that you consult with a qualified tax professional before initiating any tax planning strategy, and we may provide you with contact information for accountants or attorneys who specialize in this area if you wish to hire someone for such purposes. We will participate in meetings or phone calls between you and your tax professional with your approval.

## Client Tailored Services and Client Imposed Restrictions

We offer the same suite of services to all of our clients. However, specific client financial plans and their implementation are dependent upon the client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

## Wrap Fee Programs

We do not participate in wrap fee programs.

## CCR Section 260.235.2 Disclosure

For clients who receive our Financial Planning services, we must state when a conflict exists between the interests of our firm and the interests of our client. The client is under no obligation to act upon our recommendation. If the client elects to act on any of the recommendations, the client is under no obligation to affect the transaction through our firm.

# Item 5: Fees and Compensation

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Please note, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees. How we are paid depends on the type of advisory service we are performing. Please review the fee and compensation information below.

## Investment Management Services

Our standard advisory fee is based on the market value of the assets under management and is calculated as follows:

Account Value	Annual Advisory Fee
\$1 - \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.85%
\$2,000,001 - \$5,000,000	0.65%
\$5,000,001 - \$8,000,000	0.50%
\$8,000,001 - \$10,000,000	0.45%
\$10,000,001 and above	Negotiable

The annual fees are negotiable and are pro-rated and paid in advance on a quarterly basis. The advisory fee is a tiered/blended fee and is calculated by assessing the percentage rates using the predefined levels

of assets as shown in the above chart, resulting in a combined weighted fee. For example, an account valued at \$2,000,000 would pay an effective fee of 0.85% with the annual fee of \$17,000.00. The quarterly fee is determined by the following calculation:  $\$2,000,000 \times 0.85\% \div 4 = \$4,250.00$ . No increase in the annual fee shall be effective without agreement from the client by signing a new agreement or amendment to their current advisory agreement.

Advisory fees are directly debited from client accounts, or the client may choose to pay by check. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee based on the amount of time remaining in the billing period. An account may be terminated with written notice at least 30 calendar days in advance. Upon termination of the account, any unearned fee will be refunded to the client.

In some cases, clients may also choose fixed fees for investment management and financial planning services, that can be paid monthly or quarterly. This is billed directly to the client who can pay via check, PayPal, or credit card.

### **Financial Planning Fixed Fee**

Financial Planning will generally be offered on a fixed fee basis. The fixed fee will be agreed upon before the start of any work. The fixed fee can range between \$2,500.00 and \$5,500.00. The fee is negotiable and can be paid either half at the beginning of the process with the remainder due at the completion of work, or in monthly or quarterly payments. Please note, APPRECIATE PERSONAL FINANCE will not bill an amount above \$500.00 for work to be performed six months or more in the future.

### **Financial Planning Hourly Fee**

The Financial Planning fee is billed at an hourly rate between \$125.00 and \$215.00 per hour. The fee may be negotiable in certain cases and is due at the completion of the engagement. In the event of early termination by client, any fees for the hours already worked will be due.

### **Other Types of Fees and Expenses**

When implementing an investment recommendation, the client may incur additional fees such as brokerage commissions, transaction fees, and other related costs and expenses. Clients may incur certain charges imposed by broker-dealers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual fund and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for client's transactions and determining the reasonableness of their compensation (e.g., commissions).

We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

### **CCR Section 260.238(j) Disclosure**

Please note, lower fees for comparable services may be available from other sources.

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

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We do not offer performance-based fees.

## **Item 7: Types of Clients**

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We provide financial planning and portfolio management services to individuals, high net-worth individuals, and charitable organizations. We do not have a minimum account size requirement.

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

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### **Passive Investment Management**

We primarily practice passive investment management but may invest in actively managed funds when we feel it appropriate to do so. Passive investing involves building portfolios that are comprised of various distinct asset classes. The asset classes are weighted in a manner to achieve a desired relationship between correlation, risk and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio. The funds that are used to build passive portfolios are typically index mutual funds or exchange traded funds.

Passive investment management is characterized by low portfolio expenses (i.e. the funds inside the portfolio have low internal costs), minimal trading costs (due to infrequent trading activity), and relative tax efficiency (because the funds inside the portfolio are tax efficient and turnover inside the portfolio is minimal).

In contrast, active management involves a single manager or managers who employ some method, strategy or technique to construct a portfolio that is intended to generate returns that are greater than the broader market or a designated benchmark. Academic research indicates most active managers underperform the market.

However, there are cases when we feel active management can bring benefits to a portfolio, for example in socially responsible funds/portfolios, it is necessary to have active management in many funds where careful selection of investments is needed to suit socially responsible investment targets. In addition, actively managed bond funds can be helpful in times of rising/volatile interest rates when more hands-on supervision of a fund/ETF can be useful. We do not rule out active management but often use passive as a basic strategy, adding active when needed.

## Material Risks Involved

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

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

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

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

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

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

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

## Risks Associated with Securities

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Common stocks** may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Corporate Bonds** are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

**Municipal Bonds** are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

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

## Item 9: Disciplinary Information

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of APPRECIATE PERSONAL FINANCE or the integrity of our management. We have no information applicable to this Item.

## Item 10: Other Financial Industry Activities and Affiliations

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No APPRECIATE PERSONAL FINANCE employee is registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

No APPRECIATE PERSONAL FINANCE employee is registered, or have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor.

APPRECIATE PERSONAL FINANCE does not have any related parties. As a result, we do not have a relationship with any related parties.

APPRECIATE PERSONAL FINANCE may recommend clients to outside firms for investment management services. These firms will collect fees for client investment management services, on behalf of APPRECIATE PERSONAL FINANCE as well as their own portion of the fee for portfolio management, fully disclosed in agreements that clients may sign. There is a conflict of interest due to the fact that APPRECIATE PERSONAL FINANCE recommends investment management services. We do not receive compensation from any other outside source. We do not receive any economic benefit or compensation, directly or indirectly from any other third party for advice rendered to our clients. Nor do we directly or indirectly compensate any other person who is not advisory personnel for client referrals.

#### **Disclosure of Material Conflicts**

All material conflicts of interest under CCR Section 260.238(k) are disclosed regarding APPRECIATE PERSONAL FINANCE, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

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

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As a fiduciary, our firm and its associates have a duty of utmost good faith to act solely in the best interests of each client. Our clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings. The firm also adheres to the Code of Ethics and Professional Responsibility adopted by the CFP® Board of Standards Inc., and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities.

This code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions will not shield associated persons from liability for personal trading or other conduct that violates a fiduciary duty to advisory clients. A summary of the Code of Ethics' Principles is outlined below.

- Integrity - Associated persons shall offer and provide professional services with integrity.

- Objectivity - Associated persons shall be objective in providing professional services to clients.
- Competence - Associated persons shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which they are engaged.
- Fairness - Associated persons shall perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- Confidentiality - Associated persons shall not disclose confidential client information without the specific consent of the client unless in response to proper legal process, or as required by law.
- Professionalism - Associated persons' conduct in all matter shall reflect credit of the profession.
- Diligence - Associated persons shall act diligently in providing professional services.

We will, upon request, promptly provide a complete code of ethics.

Our firm and its "related persons" (associates, their immediate family members, etc.) do not recommend to clients, or buys or sells for client accounts, securities in which we have a material financial interest. We may buy or sell securities the same as, similar to, or different from, those we recommend to clients for their accounts. A recommendation made to one client may be different in nature or in timing from a recommendation made to a different client. Clients often have different objectives and risk tolerances. At no time, however, will our firm or any related party receive preferential treatment over our clients.

In an effort to reduce or eliminate certain conflicts of interest involving the firm or personal trading, our policy may require that we restrict or prohibit associates' transactions in specific securities transactions. Any exceptions or trading pre-clearance must be approved by our Chief Compliance Officer in advance of the transaction in an account, and we maintain the required personal securities transaction records per regulation.

## Item 12: Brokerage Practices

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### **Factors Used to Select Custodians and/or Broker-Dealers**

Our clients' accounts must be maintained by a qualified custodian (generally a broker/dealer, national bank or trust company) that is frequently reviewed for its capabilities to serve in that capacity by their respective industry regulatory authority. Our firm is not a custodian, nor is there an affiliate that is a custodian. We do not receive referrals from our custodian, nor are client referrals a factor in our recommendation of a custodian.

If a client engages us to provide periodic investment advice via a planning services component, they have the right to keep their assets with their present custodian/service provider. If the client prefers a new service provider, a recommendation may be made by our firm that is based on client need, overall costs, ease of use, and following our review of the recommended provider.

Accounts served by a third-party investment manager are to be maintained at one or more custodians that have been selected by the respective third-party investment manager and they will be disclosed in the third-party investment manager's disclosure documents and account opening forms.

Our firm is not legally affiliated with a custodian, nor does a custodian supervise our firm, its activities or our associates. While we recommend that you use a particular custodian, you will decide whether to do so and will open your account with them by entering into an account agreement directly with them. We do not technically open the account for you, although we assist you in doing so. We may also serve accounts maintained at your custodian of choice if that custodian's policies allow us to do so, and following your written authorization via limited power of attorney.

Our custodians offer independent investment advisors various services which include custody of client assets, trade execution, clearance and settlement, etc. Our firm may receive other benefits from our preferred custodians through participation in their independent advisor support program. These benefits may include the following products and services (provided either without cost or at a discount):

- receipt of duplicate client statements and confirmations
- research related products and tools
- access to trading desks serving our clients
- access to block trading services
- the ability to have advisory fees deducted directly from a client's accounts (per written agreement)
- resource information related to capital markets and various investments
- access to electronic communications networks for client order entry and account information
- access to mutual funds with no transaction fees
- discounts on marketing, research, technology, and practice management products or services provided to our firm by third-party providers

Some of our custodians' services help us manage or administer our clients' accounts, while others help us manage and grow our business (see previous paragraphs for examples). The noted products and services made available to us by our custodians and their affiliates benefit our firm but may not directly benefit each client account maintained at those custodians (as well as those clients whose accounts are maintained at another custodian), and certain research and other previously referenced services are considered "brokerage or research services" under Section 28(e) of the Securities Exchange Act of

1934 by certain jurisdictions. The availability of these services benefits our firm because we do not have to produce or purchase them as long as clients maintain assets in accounts at a recommended custodian.

There is a conflict of interest since our firm has an incentive to select or recommend particular custodians based on our firm's interest in receiving these benefits and services rather than the client's interests in receiving favorable trade execution. It is important to mention that the benefits received by our firm through participation in any custodian's program does not depend on the amount of brokerage transactions directed to that custodian, and our selection of a custodian is primarily supported by the scope, quality, and cost of services provided as a whole -- not just those services that benefit only our advisory firm. Further, we will act in the best interest of our clients regardless of the custodian we may select. Our firm conducts periodic assessments of any recommended service provider which generally involves a review of the range and quality of services, reasonableness of fees, among other items, in comparison to industry peers.

#### Directed Brokerage

Our internal policy and operational relationship with our custodian requires client accounts custodied with them to have trades executed per their order routing requirements. We do not direct which executing broker should be selected for client account trades; whether that is an affiliate of our preferred custodian or another executing broker of our custodian's choice. As a result, you may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices on transactions than might otherwise be the case. In addition, since we routinely recommend a custodian for our advisory clients, and that custodian may choose to use the execution services of its broker affiliate for some or all of our client account transactions, there is an inherent conflict of interest involving our recommendation since our advisory firm receives various products or services described in this section from that custodian. Note that we are not compensated for trade routing/order flow, nor are we paid commissions on such trades. We do not receive interest on our client accounts' cash balances.

Our portfolio management services clients are unable to engage in directed brokerage via our custodian. As a result, they may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case if they had the opportunity to direct brokerage.

For those clients who maintain account assets at another custodian of record, you may choose to request that a particular broker is used to execute some or all account transactions. Under these circumstances, you will be responsible for negotiating, in advance of each trade, the terms and/or arrangements involving your account with that broker, and whether the selected broker is affiliated with your custodian of record or not. We will not be obligated to seek better execution services or prices from these other brokers, and we may be unable to aggregate your transactions for execution via our recommended custodian with other orders for accounts managed by our firm. As a result, you may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case.

## Best Execution

“Best execution” means the most favorable terms for a transaction based on all relevant factors, including those listed in the paragraph titled *Factors Used to Select Broker/Dealers for Client Transactions*. We recognize our obligation in seeking best execution for our clients; however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected custodian’s transactions represent the best “qualitative execution” while taking into consideration the full range of services provided. Our firm will seek services involving competitive rates but it may not necessarily correlate into the lowest possible rate for each transaction. We have determined having our portfolio management clients’ accounts trades completed through our recommended custodian is consistent with our obligation to seek best execution of client trades. A review is regularly conducted with regard to recommending a custodian to our clients in light of our duty to seek best execution.

## **Aggregating (Block) Trading for Multiple Client Accounts**

Investment advisers may elect to purchase or sell the same securities for several clients at approximately the same time when they believe such action may prove advantageous to clients. This process is referred to as aggregating orders, batch trading or block trading. We do not engage in block trading. It should be noted that implementing trades on a block or aggregate basis may be less expensive for client accounts; however, it is our trading policy is to implement all client orders on an individual basis. Therefore, we do not aggregate or “block” client transactions. Considering the types of investments, we hold in advisory client accounts, we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

## Item 13: Review of Accounts

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Client accounts with the Investment Management Service will be reviewed regularly on a quarterly basis by Ariadne Horstman, President and CCO. The account is reviewed with regards to the client’s investment policies and risk tolerance levels. Events that may trigger a special review would be unusual performance, addition or deletions of client imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per client's needs.

APPRECIATE PERSONAL FINANCE will provide written reports to Investment Management clients on a quarterly basis. We urge clients to compare these reports against the account statements they receive from their custodian.

## Item 14: Client Referrals and Other Compensation

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We may refer clients to outside investment management services. These firms may collect ongoing fees for investment management services, that are divided between APPRECIATE PERSONAL FINANCE and the firm for services provided. There is a conflict of interest due to the fact that APPRECIATE PERSONAL FINANCE may recommend these firms.

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

## Item 15: Custody

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Accounts will be maintained by an unaffiliated, qualified custodian. Assets are not maintained by our firm or any associate of our firm. As earlier noted, our firm is not affiliated with a custodian or broker/dealer, nor do they supervise our firm, its activities or our associates. In keeping with this policy involving our clients' funds or securities, our firm:

- Restricts the firm or an associate from serving as trustee or having general power of attorney over a client account;
- Prohibits any associate from having authority to directly withdraw securities or cash assets from a client account. Although we may be deemed to have custody since we may request the withdrawal of advisory fees from an account, we will only do so through the engagement of a qualified custodian maintaining your account assets in your name, via your prior written approval, and following our delivery of our notice (invoice);
- Does not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm; and
- Will not collect advance fees of \$500 or more for services that are to be performed six months or more into the future.

The custodian of record will provide each account holder with their investment account transaction confirmations and account statements, which will include all debits and credits as well as our firm's advisory fee for that period. Statements are provided on at least a quarterly basis or as transactions occur within their account. Our firm will not create an account statement for a client or serve as the sole recipient of a client's account statement.

If an account holder receives a report from any source that includes investment performance information, they are urged to carefully review and compare their statements that have been received from the custodian of record to determine that report's accuracy.

## Item 16: Investment Discretion

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APPRECIATE PERSONAL FINANCE provides its investment services on a non-discretionary basis. This type of account authority requires the client's ongoing prior approval involving the investment and reinvestment of account assets, as well as portfolio rebalancing. The client will be required to execute our firm's client services agreement that describes our limited account authority, as well as the custodian of record's account opening document that includes their limited power of attorney form or clause. Please note that in light of the requirement for pre-approval, the client must make themselves available and keep our firm updated on their contact information so that instructions can be efficiently effected on their behalf.

Third-party investment managers generally provide their services on a discretionary basis. Via a limited power of attorney, the third-party investment manager is granted the authority to implement investment decisions, such as the purchase or sale of a security on behalf of an account, without requiring the client's prior authorization for each transaction in order to meet stated investment objectives. This authority will be provided by the client through the execution of third-party management agreement and its custodian's account opening documents. If a client requires their account to be managed on a nondiscretionary basis, it is important to note that most third-party investment managers retain the right to either refuse or terminate an account, or continue to manage the account under a higher asset-based fee due to increased operational costs. We will inform clients in advance of the recommended investment manager's requirements involving account trading authority. Note that our firm does not have discretionary authority over a client account under this type of engagement.

## Item 17: Voting Client Securities

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We do not vote Client proxies. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

We do not offer guidance on how to vote proxies, nor will we offer guidance involving any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets. We will answer limited questions via a scheduled meeting with respect to what a proxy voting request or other corporate matter may be and how to reach the issuer or their legal representative.

If an account is supervised by a third-party investment manager, the client should review the third-party investment manager's Form ADV Part 2 to determine their proxy voting policies. Otherwise, each account holder will maintain responsibility for directing the manner in which proxies solicited by issuers of securities that are beneficially owned shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other legal matters or events pertaining to holdings. Clients should consider

## Item 18: Financial Information

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Our advisory firm will not take physical custody of client assets, nor do we have the type of account authority to have such control. Fee withdrawals must be done through a qualified intermediary (e.g., custodian of record), per prior written agreement with the client, and following the client's receipt of our firm's invoice.

Engagements with our firm do not require that we collect fees from a client of \$500 or more for our advisory services that we have agreed to perform six months or more into the future.

Neither our firm nor its management serve as general partner for a partnership or trustee for a trust in which the firm's advisory clients are either partners of the partnership or beneficiaries of the trust.

The firm and its management do not have a financial condition likely to impair its ability to meet commitments to clients, nor has the firm and its management been the subject of a bankruptcy petition.

Due to the nature of our firm's advisory services and operational practices, an audited balance sheet is not required nor included in this brochure.

## Item 19: Requirements for State-Registered Advisers

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### **Ariadne Horstman**

Born: 1966

### **Educational Background**

- 1986 – Bachelor of Arts, Smith College
- 2007 - Certificate in Financial Planning, University of California, Santa Cruz

### **Business Experience**

- 05/2015 – Present, Appreciate Personal Finance, Sole Proprietor and CCO
- 07/2012 – 02/2015, Sensiba San Filippo Financial Advisors, Private Client Specialist

- 01/2012 – 12/2012, State Farm Insurance, Insurance Specialist
- 11/2008 – 11/2012, InvestmentYogi, Financial Advisor and Advisory Board Member

### **Professional Designations, Licensing & Exams**

**CFP (Certified Financial Planner)®:** CFP Certificants must have a minimum of three years' workplace experience in financial planning and develop their theoretical and practical financial planning knowledge by completing a comprehensive course of study approved by CFP Board. They must pass a comprehensive two-day, 10-hour CFP® Certification Examination that tests their ability to apply financial planning knowledge in an integrated format. As a final step to certification, CFP practitioners agree to abide by a strict code of professional conduct.

### **Other Business Activities**

Ariadne Horstman is not involved with outside business activities.

### **Performance Based Fees**

APPRECIATE PERSONAL FINANCE is not compensated by performance-based fees.

### **Material Disciplinary Disclosures**

No management person at Appreciate Personal Finance has ever been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

### **Material Relationships That Management Persons Have With Issuers of Securities**

Appreciate Personal Finance, nor Ariadne Horstman, have any relationship or arrangement with issuers of securities.

# Appreciate Personal Finance

Palo Alto, CA 94303

650-387-5982

Dated March 17, 2018

Form ADV Part 2B – Brochure Supplement

*For Ariadne Horstman*

## **Ariadne Horstman**

Sole Proprietor, and Chief Compliance Officer

This brochure supplement provides information about Ariadne Horstman that supplements the Appreciate Personal Finance (“APF”) brochure. A copy of that brochure precedes this supplement. Please contact Ariadne Horstman if the APPRECIATE PERSONAL FINANCE brochure is not included with this supplement or if you have any questions about the contents of this supplement.

Additional information about Ariadne Horstman is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using the identification number 226689.

# Item 2: Educational Background and Business Experience

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## Ariadne Horstman

Born: 1966

### Educational Background

- 1986 – Bachelor of Arts, Smith College
- 2007- Certificate in Financial Planning, University of California, Santa Cruz

### Business Experience

- 05/2015 – Present, Appreciate Personal Finance, Sole Proprietor and CCO
- 07/2012 – 02/2015, Sensiba San Filippo Financial Advisors, LLC, Private Client Specialist
- 01/2012 – 12/2012, State Farm Insurance, Insurance Specialist
- 11/2008 – 11/2012, InvestmentYogi, Financial Advisor and Advisory Board Member

### Professional Designations, Licensing & Exams

**CFP (Certified Financial Planner)®:** CFP Certificants must have a minimum of three years' workplace experience in financial planning and develop their theoretical and practical financial planning knowledge by completing a comprehensive course of study approved by CFP Board. They must pass a comprehensive two-day, 10-hour CFP® Certification Examination that tests their ability to apply financial planning knowledge in an integrated format. As a final step to certification, CFP practitioners agree to abide by a strict code of professional conduct.

# Item 3: Disciplinary Information

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No management person at Appreciate Personal Finance has ever been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

# Item 4: Other Business Activities

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Ariadne Horstman is not involved with outside business activities.

## Item 5: Additional Compensation

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Ariadne Horstman does not receive any economic benefit from any person, company, or organization, in exchange for providing clients advisory services through APPRECIATE PERSONAL FINANCE.

## Item 6: Supervision

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Ariadne Horstman, as Sole Proprietor and Chief Compliance Officer of APPRECIATE PERSONAL FINANCE, is responsible for supervision. She may be contacted at the phone number on this brochure supplement.

## Item 7: Requirements for State Registered Advisers

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Ariadne Horstman has NOT been involved in an arbitration, civil proceeding, self-regulatory proceeding, administrative proceeding, or a bankruptcy petition.