



Form ADV Part 2A - Wrap Fee Program Brochure  
& Brochure Supplement  
Pursuant to Part 2A & 2B of Form ADV

May 10, 2018

This Program brochure provides information about the qualifications and business practices of Newday Funds, Inc. (SEC #801-112212) (CRD #174758), dba Newday, a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. If you have any questions about the contents of this brochure, please contact us by email at: [info@newdayinvesting.com](mailto:info@newdayinvesting.com)

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Brokerage and clearing services are provided to **Newday Premier Clients** by Charles Schwab & Co., an SEC registered broker-dealer and member FINRA/SIPC.

Brokerage and clearing services are provided to **Newday Digital App Clients** by Apex Clearing Corporation, an SEC registered broker-dealer and member FINRA/SIPC.

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



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## **Item 2: Material Changes**

This section discusses only material changes since the last annual update of this Brochure. This brochure was previously updated on January 1, 2018.

Item 4 and 5 have had material updates since the last update of this brochure.



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

### **Program Description**

Every Newday Impact Portfolio is custom-made, proprietary, and targeted investment strategy built to benefit a specific area of impact. Our multi-portfolio approach allows us to provide a fully-diversified investment strategy while impacting the areas the clients care about directly.

The Program is offered to clients through two platforms: a web-based digital investment advisory portal (the “App”) and a full service advisory (“Premier”) channel designed to compliment our online services for clients requiring non-individual types of accounts.

Clients will receive Newday’s Investment Advisory Agreement which will further detail the services the Client will receive and the fees charged to the Client. It is important to note, Newday does not provide overall financial planning nor does it provide tax advice.

#### ***App Platform***

The Newday App gives the Client access to automated investment guidance where they can learn about investing, create and manage an investment portfolio that is designed to meet their financial goals, interest and beliefs. Each Client is required to respond to a series of questions designed to identify the client’s investment objectives, risk tolerance and the impact theme(s) in which they are interested. Based solely on the information provided by the Client the Newday algorithms analyzes the information and provides the Client access to a selection of investment portfolios. Portfolios focus on the following themes: global, carbon, gender and ocean. Our investment management services are currently limited to these portfolios, but additional portfolios may be added in the future. Newday portfolios are managed by our portfolio managers.

Newday provides investment advice to each Client, and each Client is solely responsible for implementing any such recommendations. Newday provides ongoing investment management services on a discretionary basis only. Newday’s investment advice is not tailored to the individual needs of the clients and client may not place restrictions on their investment portfolio. Clients should carefully review all information provided by Newday and any relevant company reports prior to investing. Newday does not provide investment advice in person or over the phone or in any other manner to Newday App clients.

It is the Client’s obligation to promptly update their information through the Newday App if there are changes to their financial situation, personal circumstances, goals, objectives or if other relevant information changes.

#### ***Premier Platform***



The Premier platform allows Clients who are unable to open accounts through the digital platform due to account type, ie. entity accounts, access to all Newday portfolios. Each Client is required to respond to a series of questions designed to identify the client's investment objectives, risk tolerance and the impact theme(s) in which they are interested.

Based solely on the information provided by the Client the Newday adviser analyzes the information and provides the Client investment portfolios recommendations. Newday portfolios are managed by our portfolio managers. Portfolios focus on the following themes: global, carbon, gender and ocean. Our investment management services are currently limited to these portfolios, but additional portfolios may be added in the future. The Client should understand that the Newday adviser relies upon the information provided by the Client in making its risk assessment and providing investment advice.

Newday provides investment advice to each Client, and each Client is solely responsible for implementing any such recommendations. Newday's investment advice is may be tailored to the individual needs of the clients and client may place restrictions on their investment portfolio. Newday provides ongoing investment management services on a discretionary basis only. Clients should carefully review all information provided by Newday and any relevant company reports prior to investing.

It is the Client's obligation to promptly update their information if there are changes to their financial situation, personal circumstances, goals, objectives or if other relevant information changes.

## **B. Fees**

Newday Wrap Fee Program (the "Program") offers investment advisory service to clients in a program that bundles services together and charges a single fee based on the value of assets under management (the "Program"). The Program is offered to clients through two platforms: a web-based digital investment advisory portal and a full service advisory channel designed to compliment our online services for clients requiring non-individual types of accounts. A wrap fee program allows Newday to manage client accounts for a single fee that includes advisory services, trade execution, clearance, custodial and reporting.

Newday will not act as the custodian for accounts opened on either the Newday Premier or App platform, though our right to deduct advisory fees from the Client Account deems us to have "custody" of your funds. The securities and assets in each Client account are held in a separate account in the name of the Client at an independent custodian. Apex Clearing Corporation ("Apex") shall be the custodian for digital app Client and Charles Schwab, Inc. ("Schwab") shall be the custodian for the premier Client, and it shall have possession of the assets of the Account. All brokerage and clearing services are provided by, and securities are offered through Apex or Schwab.

The fee schedule is set forth below:



Total Assets Under Management	Annual Fee
Premier Platform	1.00%
Digital Platform	0% up to \$100.00 1.00% (for account value above \$101.00)

Participants in the “wrap” fee program pay a single inclusive fee (the “fee”) that typically includes custody, investment consultation, trading and investment advisory services. These fees are negotiable depending upon the needs of the client and complexity of the situation and the final fee schedule is attached as Exhibit II of the Client investment advisory agreement. Newday uses the last day of previous quarter for purposes of determining the market value of the assets upon which the advisory fee is based.

Advisory fees are withdrawn directly from the client’s accounts with client’s written authorization. Newday App Client fees are generally paid quarterly in arrears or at such other times as agreed upon by the parties involved, and invoices are provided to the client.

If a client terminates their investment advisory contract with Newday prior to quarter-end, the advisory fee will be pro-rated based on the portion of the quarter the account was opened, and Newday will automatically debit the amount of the fees from the assets of in the account. Therefore, no refund policy is necessary.

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program, including the trading activity in the client’s account, the adviser’s ability to aggregate trades, and the cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

Newday reserves the right to waive the fee or any part thereof for any period for any Client at Newday’s sole discretion.

### **C. Additional Fees**

Clients incur certain charges imposed by custodians, brokers and other third parties such as fees charged by other managers, 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 funds and exchange-traded funds charge internal management fee, which are disclosed in the fund’s prospectus. Such charges, fees and commissions are exclusive of an in addition to our fee, and Newday does not receive any portion of these commissions, fees or costs incurred by the client.



## **D. Compensation of Client Participation**

Neither Newday, nor any representatives of Newday receive any additional compensation beyond advisory fees for the participation of client's in the wrap fee program. However, compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and other services. Therefore, Newday may have a financial incentive to recommend the wrap fee program to clients.

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

Newday generally provides its wrap fee program services to the following types of clients who are U.S. residents and maintain a checking account with a U.S. bank:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Charitable Organizations
- ❖ Corporations or Entities

### ***Minimum Account Size***

There is no account minimum. A minimum balance of \$100.00 must be maintained in order for the account to rebalance. If the account value is below \$100.00 the account will not rebalance.

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

### **A. Selecting/Reviewing Portfolio Managers**

Newday manages the portfolios of Clients in the program pursuant to each Client's Advisory Agreement.

### ***Standards Used to Calculate Portfolio Manager Performance***

Newday will use industry standards to calculate portfolio manager performance.

### ***Review of Performance Information***

A third party reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is reviewed quarterly and is reviewed by third party advisor and Newday.



## **B. Related Persons**

No related persons act as a portfolio manager for digital platform the wrap fee program as described in this brochure. As such, there are no conflicts of interest with related persons and Newday will not select any related persons as portfolio managers for this wrap fee program.

## **C. Advisory Business**

Newday offers investment advisory services to its wrap fee program participants as discussed in Section 4 above.

### ***Wrap Fee Portfolio Management***

**Digital Platform:** Newday manages separate account Client portfolios in the Program based on the individual goals, objectives, time horizon, and risk tolerance of each client. Newday creates a portfolio with target asset allocations for equity and fixed income. The initial allocations are determined based on the Newday App software which selects the target asset allocation based on the information the Clients provided.

**Premier Platform:** Newday offers separate account clients on the Premier platform ongoing portfolio management services based on the individual goals, objectives, time horizon and risk tolerance of each Client. Newday creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the recommendation of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Personal investment policy
- Asset allocation
- Asset selection
- Risk tolerance
- Regular portfolio monitoring

Newday evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.



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

Newday does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### ***Services Limited to Specific Types of Investments***

Newday generally limits its investment advice to mutual funds, equities, fixed income, and ETFs. Newday may use other securities as well to help diversify a portfolio when applicable.

### ***Client Tailored Services and Client Imposed Restrictions***

Newday offers the same suite of services to all of its clients. However, Premier Clients may impose restrictions and their implementation are dependent upon the client Investment Policy Statement which outlines each 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***

Newday sponsors and acts as portfolio manager for this wrap fee program. The fees paid to the wrap account program will be given to Newday as a management fee.

### ***Amounts Under Management***

Newday has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$886,913	\$0	October 2017

### ***Methods of Analysis and Investment Strategies***

Newday's method of analysis include modern portfolio theory.

**Modern portfolio theory** is 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 choosing the proportions of various assets.

Newday uses long term trading.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### ***Material Risks Involved***

**Modern Portfolio Theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely,



an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### ***Risks of Specific Securities Utilized***

Newday generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned above).

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Treasury Inflation Protected/Inflation Linked Bonds:** The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Fixed Income** is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

**Stocks & Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy).

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks



include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### ***Voting Client Proxies***

Newday will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 7: Client Information Provided to Portfolio Managers**

Newday has access to all Client information obtained by Newday with respect to the particular Client accounts they manage. Newday relies on the information provided by the Client either through the App or New Account Documentation completed for the Separately Managed Accounts.

## **Item 8: Client Contact with Portfolio Managers**

Clients may contact Newday at [info@newdayinvesting.com](mailto:info@newdayinvesting.com)

## **Item 9: Additional Information**

### **A. Disciplinary Action and Other Financial Industry Activities**

#### ***Disciplinary History***

Newday and its advisors do not have any legal or disciplinary events

#### ***Other Financial Industry Activities and Affiliations***

The firm and its advisors do not have any other financial industry activities or affiliations.

#### ***Participation in Client Transactions and Possible Conflicts of Interests***

Newday and individuals associated with Newday may buy or sell securities for their personal account that are identical to or different than those recommended to clients. Newday has a personal securities trading policy in place to monitor the securities transactions and securities holdings of certain employees. This policy is intended to prevent employees from benefiting from transactions placed on behalf of advisory clients.



### ***Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections***

Newday may offer certain portfolios managed by third-parties to its Clients. The wrap fee includes any fees associated with third-parties managers. Are not charged a separate fee for portfolios managed by a third-parties.

## **B. Code of Ethics, Client Referrals, and Financial Information**

### ***Code of Ethics***

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

### ***Recommendations Involving Material Financial Interests***

Newday does not recommend that clients buy or sell any security in which a related person to Newday has a material financial interest.

### ***Investing Personal Money in the Same Securities as Clients***

From time to time, representatives of Newday. may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Newday to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. Newday will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### ***Trading Securities At/Around the Same Time as Clients' Securities***

From time to time, representatives of Newday may buy or sell securities for themselves at or around the same time as clients. Such transactions may create a conflict of interest; however, Newday will never engage in trading that operates to the client's disadvantage if representatives of Newday buy or sell securities at or around the same time as clients.

### ***Frequency and Nature of Periodic Reviews and Who Makes Those Reviews***

Newday provides Newday App Clients with continuous access via the web-based application to real time reporting information about their accounts status, securities holdings and balances. On a periodic basis reviews of accounts are conducted through the Newday App. Clients are



encouraged to update the Newday should there be a change in their objectives or financial circumstances.

Separate Accounts are continuously reviewed to ensure their portfolios are within a set range of their Allocation. If the Client's portfolio deviates from this range, Newday will rebalance the portfolio back to its target allocation.

### ***Factors That Will Trigger a Non-Periodic Review of Client Accounts***

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### ***Content and Frequency of Regular Reports Provided to Clients***

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

### ***Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)***

Newday does not receive any economic benefit, directly or indirectly from any third party for advice rendered to Newday clients.

### ***Compensation to Non – Advisory Personnel for Client Referrals***

Newday does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### ***Balance Sheet***

Newday does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### ***Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients***

Neither Newday nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### ***Bankruptcy Petitions in Previous Ten Years***

Newday has not been the subject of a bankruptcy petition in the last ten years.



Brochure Supplement

Form ADV Part 2B

Item 1 - Cover Page

**Douglas Charles Heske**

CRD #1458182

Of

**Newday Funds, Inc.**

CRD # 174758

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January 1, 2018

This Brochure Supplement provides information about Douglas (“Doug”) Heske, and supplements the Newday Funds, Inc. (“Newday”) Brochure. You should have received a copy of that Brochure. Please contact us at (415) 662-3702, if you did not receive Newday’s Brochure, or if you have any questions about the contents of this Supplement. Additional information about Doug is available on the SEC’s website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).



## **Item 2 - Educational Background and Business Experience**

Prior to joining Newday, Douglas Charles Heske (born 1962) served as the head of Private Client Services for Stifel Nicolaus in San Francisco (2011 - 2016) as well as the COO and Head of Wealth Management for Nollenberger Capital Partners and subsequently Sterne Agee (2004 - 2011). Prior to his role at Nollenberger, he was the Regional Managing Director of Wealth Management with Piper Jaffray & Co. (1993 - 2004). He is a graduate of Rhode Island University with a Bachelor of Science in Finance.

## **Item 3 - Disciplinary Information**

Mr. Heske was the subject of a consumer initiated arbitration in 1993, which was settled by the firm based on a cost-of-defense analysis. Mr. Heske was not required to participate in the settlement. You may review disciplinary history at the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or the BrokerCheck website at <http://brokercheck.finra.org>.

## **Item 4 - Other Business Activities & Additional Compensation**

Mr. Heske serves as a director and executive committee member for the San Francisco Child Abuse Prevention Center (2010 - present) a non-profit organization. He does not receive any compensation for this role and his activities with this charity do not conflict with his role as the CEO Newday and do not regularly require his attention during regular business hours.

## **Item 6 - Supervision**

Mr. Heske's activities on behalf of the firm and clients are maintained according to the highest of professional standards. Should you have any questions or concerns regarding these standards, please contact Mr. Heske's supervisor, the Firm's Chief Compliance Officer, Denise Rusnak at (415)952-6992..