

**WRAP FEE BROCHURE**  
(Form ADV Part 2A - Appendix 1)



**U-Nest**

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March 25, 2020

This wrap fee program brochure provides information about the qualifications and business practices of U-Nest Holdings, Inc. If you have any questions about the contents of this brochure, please contact us at [info@unestapp.com](mailto:info@unestapp.com). 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. Registration of an investment adviser with the SEC does not imply any level of skill or training.

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

## ITEM 2: MATERIAL CHANGES

Since the last UNest Form ADV Part 2 brochure on July 13th, 2019, we note the following material changes to this Brochure:

- **ITEM 1: COVER PAGE**– This section has been updated to reflect that U-Nest Holdings LLC has been changed to U-Nest Holdings, Inc. The company address was changed from 2920 West Olive Ave., Suite 105, Burbank, CA 91505 to 5161 Lankershim Blvd, Suite 250, North Hollywood, CA 91601. Additionally, the company website changed from www.u-nest.com to www.unestapp.com.
- **ITEM 4: SERVICES, FEES AND COMPENSATION** – This section has been revised to reflect the new abbreviated name of U-Nest Holdings Inc. as “UNest” which will be used in future marketing materials. The prior abbreviation “U-Nest” was removed and replaced by the new abbreviation “UNest” throughout the brochure. The section has also been revised to show that UNest selects investments on behalf of clients on a discretionary basis. Furthermore, the section has been changed to reflect a revised fee structure where accounts that have a balance of less than \$50,000 will be charged \$3 per month, while accounts that have a balance of \$50,000 or greater will be charged an assets under management fee of 0.25% of the account’s average annual balance.
- **ITEM 9: ADDITIONAL INFORMATION** – The custody section was updated by removing Invesco as the sole custodian bank.

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## ITEM 4: SERVICES, FEES AND COMPENSATION

### General Information

*U-Nest Holdings, Inc. (UNest) is a digital investing platform and a mobile app designed to make saving for kids' college education accessible, intuitive and simple. UNest offers the UNest Wrap Fee Program (the "Program") to prospective clients. UNest was incorporated in Delaware in January 2018 and maintains its principal office at 5161 Lankershim Blvd, Suite 250, North Hollywood, CA 91601. If you have any questions regarding the material contained herein, please contact UNest at [Uinfo@unestapp.com](mailto:Uinfo@unestapp.com).*

### Services

UNest operates in the FinTech Industry and provides college savings management services to clients in the United States through their UNest web-based platform and mobile application. Through our platforms, we will be offering investment services specifically designed for the financial needs of a college education through a tax-advantaged vehicle called the 529 Plan.

Investment accounts will be directed towards the highly diversified portfolios of Exchange-Traded Funds (ETFs), a type of fund that owns underlying assets and divides ownership of those assets into shares to minimize investment risk. In addition, the investments will generally be implemented through the target-date funds with allocations changing from more opportunistic (while children are young and the time horizon is long) to more conservative (when children approach enrollment date and the time horizon is short) to ensure safety of investments close to the withdrawal date; age-based funds will start with a higher allocation of stocks, which gradually shift towards cash and bonds over time. While the foregoing is reflective of UNest's general guidelines regarding investment selection, periods of market volatility may necessitate that UNest adjust such guidelines.

UNest's College Savings Calculator will allow clients to estimate the total college cost at the time of enrollment. This internally developed tool will use a UNest algorithm to highlight the potential tax benefits of saving through a UNest college savings plan and allow customers to adjust their monthly contribution amount accordingly.

The 529 Plan investment choices offered are based on various factors outlined in Item 6. UNest reserves the right to include new or remove existing 529 Plans from the Program at its discretion. The Program was designed for early adoption of non-retirement savings and does not incorporate overall financial or tax planning. UNest will not provide investment advice or respond to requests for advice on investment choices outside of the UNest platform. It is possible that there are 529 Plans not offered on the UNest platform that are more suitable for you.

## Portfolio Management

All of UNest's clients are advised on a discretionary basis; UNest, rather than the client, will ultimately select the investment based on key information provided by the client. When a client deposits money, UNest constructs purchases to align the client's account to their investment strategy selection. Upon a client's request to withdraw money, a combination of sales is initiated while continuing to pursue the corresponding investment strategy chosen by the client. UNest clients agree to rebalance holdings and reinvest dividends automatically.

In addition, UNest will have discretion on the available investment portfolio options offered through the UNest web-based platform and mobile application. Should UNest investment portfolios change due to UNest's decision to change investment management institutions for the benefit of clients, UNest will inform clients accordingly and will have the discretion to transition a client's investments to similar offerings from the new investment management institution.

## Fees

All UNest accounts will be charged a monthly wrap fee (i.e., service fee) for personal use of the UNest web or mobile application. Accounts that have a balance less than \$50,000 will be charged \$3 per month. Accounts that have a balance of \$50,000 or greater will be charged based on a percentage of assets under management (i.e., an AUM fee). The AUM fee is 0.25% of the average account balance over the course of a year and is charged monthly; that is, 1/12 of 0.25% of each month's account balance will be charged. Fees are non-negotiable. The annual wrap fee includes advisory services, execution, and account reporting. The fee schedule is as follows:

Type	Account Balance	Fee
Wrap Fee	Under \$50,000	\$3 per account per month
Wrap Fee	\$50,000 and greater	0.25% of average account balance annually

UNest is structured to favor frequent investing. The fee structure may not be suitable for individuals with small accounts or individuals looking to make few or infrequent small-dollar investments.

The wrap fee is charged monthly. UNest reserves the right, with 30 days' notice to its clients, to adjust the monthly wrap fee should the fee amount prove uneconomical in anyway that could negatively impact UNest's business. UNest absorbs transaction costs as part of the servicing.

Clients might find the advisory and other services that comprise the UNest experience may exceed the costs of similar services when purchased separately.

The investment vehicles offered by UNest have fees that are separate and distinct from the fees paid to UNest for its wrap fee program. These fees include, but are not limited to, service fees, ETF/mutual fund fees and other operating expenses on a fund. The prospectus, a legal document required by and filed with the SEC that provides details about the investment offers for each investment vehicle, will detail the fees and charges assessed by the managers of those products.

UNest reserves the right to reduce or waive any fees associated with the advisory services at its sole discretion. In addition, UNest also reserves the right to implement additional fees for products and services that are not yet available or mentioned in this brochure.

## **ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

UNest services are available to individuals who are legal U.S. residents and maintain a checking account with a U.S. bank. There is no minimum account size, and the minimum initial and subsequent deposits is \$25. Inactive accounts or accounts with 0 balances for 30 days or greater may be terminated at the discretion of UNest.

## **ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION**

To determine the investment vehicles offered on UNest's platform, an operational due diligence ("ODD") is conducted by UNest when selecting the appropriate 529 Plan to offer to UNest clients. The ODD includes, but is not limited to the review of the following:

- 529 Plan account-opening processes, types of accounts available, flexibility in administering accounts, and the overall compatibility with technology
- 529 Plan custodial arrangements, history and stability
- Advisory firms that manage the assets within the 529 Plan
- Disclosure documents (including fees, expenses, principal risks and other terms)
- State and advisory firms' level of communication and cooperation
- Review of other information as UNest deems relevant

UNest notes that technological compatibility is a significant factor in UNest's ODD process and 529 plan selection.

UNest does not review performance information of the underlying portfolio managers to determine or verify its accuracy or its compliance with presentation standards.

Under the Tax Cuts and Jobs Act of 2017 that went into effect January 1, 2018, distributions from 529 plans can now be used to pay up to \$10,000 of tuition per beneficiary each year at an

elementary or secondary (“K-12”) public, private or religious school of the beneficiary's choosing. However, UNest is focused on college distributions, and may not be appropriate if a beneficiary is expected (or may expect) to begin taking distributions for K-12 expenses. The 529 Plan investment choices are designed to take into account a beneficiary's age and the number of years before the beneficiary is expected to attend higher education and is NOT designed for saving for K-12 expenses.

### **Risk of Loss**

Utilization of the UNest College Savings Calculator, which presents purely informational projected values, are not guarantees of future results. Your actual results will vary from those presented and may impact your ability to reach your financial planning goals. Market risk (including, but not limited to macroeconomic environment, interest rates, regulatory changes, domestic or foreign politics, social events, liquidity, bankruptcy/insolvency, etc.) will vary and could negatively impact the performance of securities in your portfolio. Any investment in securities involves the possibility of financial loss that clients should be prepared to bear. UNest may also experience technology issues (equipment failure, loss of internet, viruses, or other events that may impair access to UNest software) which could impact the UNest experience.

### **Risk of Beneficiary**

The student the account is intended for might not attend college, or the student might not need to expend all of the money invested. UNest clients are encouraged to review the IRS rules that apply or to consult with a tax advisor before designating a new recipient. UNest does not provide advice about designating other recipients of 529 Plans. UNest clients should also be aware that even if investments in a 529 Plan grow, the costs of education might be so great that your beneficiary might not be able to pay for the college of his or her choice through their 529 Plan.

### **Risk of Tax Impact**

Performance may directly or indirectly be affected by government legislation or regulation. By investing through UNest, tax benefits (such as state tax deductions or credits) might be unavailable to you through the UNest platform. You should investigate all available options before investing with UNest.

Gift tax rules may apply when investing in a 529 Plan. Please consider this rule, particularly when investing larger amounts or after having given sizable gifts. In addition, tax laws may change and 529 Plan tax benefits could change or be eliminated as a result. UNest does not give tax or general financial planning advice. UNest clients should consult the IRS rules, a tax advisor or personal financial planner if questions arise regarding taxes.

## **ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

When opening a UNest account, a client will be asked to provide pertinent information (ex. name, age, monthly investment amounts, etc.) for UNest's algorithm in the College Savings Calculator to properly assess and determine which funds to invest in on behalf of the client. UNest does not share client information with any external portfolio managers.

## **ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS**

UNest primarily uses electronic rather than telephonic means to provide customer support. Existing and prospecting clients are encouraged to contact UNest via email or through their web-based platform or mobile application. Information regarding a client's portfolio holdings and performance will be available to clients through UNest's platforms. Clients should note that UNest advice is only through its online interactive software application. Clients may contact UNest by phone or email during its normal business hours should they have any questions about their UNest experience.

## **ITEM 9: ADDITIONAL INFORMATION**

### **Disciplinary Information**

UNest has not been involved in any legal or disciplinary events.

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

UNest and its advisers do not have any other financial industry activities and affiliations.

### **Code of Ethics**

UNest requires officers, employees, and affiliates to meet our fiduciary obligation to clients and detect any violations of securities laws. Consistent with that of duty and government regulations, UNest has adopted a Code of Ethics applicable to its personnel, describing its high standard of business conduct with respect to its clients. The Code of Ethics includes internal reporting, recordkeeping, and other obligations regarding personal securities transactions. The Code of Ethics requires that any violations of these obligations and any outside complaints be escalated, addressed promptly and appropriately, and recorded in the company's books and records.

UNest will provide a copy of its Code of Ethics to any client upon request.

### **Participation in Client Transactions and Potential Conflicts of Interest**

UNest's personnel and their families may invest in the 529 Plans offered on UNest's platform. Any investment advice offered by UNest offers little or no opportunity for a conflict of interest to arise,

as the plans all relate to well-established mutual funds or similar investment vehicles unaffiliated with UNest. It is the express policy of UNest that in the event of a conflict of interest is perceived to exist, UNest will seek to immediately eliminate or mitigate that conflict of interest by prohibiting or monitoring the trading that is identified as potentially representing a conflict of interest.

UNest implements responsible diligence and appropriate procedures to prevent violations of its Code of Ethics.

## **Custody**

A “qualified custodian” maintains custody of client assets that are managed by UNest and is selected based on several factors, including, but not limited to their ability to:

- Execute, clear and settle trades
- Facilitate transfers and payments to and from accounts
- Provide a variety of investment vehicle choices (equities, bonds, funds, etc.)
- Provide exceptional servicing and services with competitive pricing
- Maintain company stability, financial strength, and a good reputation
- Support the expansion of UNest’s Platform

Clients authorize UNest to choose the custodian bank at their discretion and instruct the custodian bank(s) to deduct any of its fees directly from client accounts. Client account statements provided by the custodian(s) will reflect the withdrawal of any fees and any other transactions that the client may have done during the account statement’s respective time period. All clients should carefully review their account statements regularly to ensure the accuracy of all the information. Any discrepancies or errors should be escalated immediately to UNest or the custodian directly.

## **Review of Accounts**

UNest will review accounts on a limited, monthly basis for accounting purposes. UNest will also review on a quarterly basis some or all accounts’ age-based investment choices to ensure they appropriately reflect and align to the age of the student/beneficiary.

## **Client Referrals and Other Compensation**

UNest may offer compensation to existing clients and solicitors for referring new clients. Referral activities must adhere to terms and conditions established by UNest and set forth in an agreement with UNest in accordance with Securities and Exchange Commission Rule 275.206(4)- 3 under the Investment Advisers Act of 1940.

Clients would not be charged any costs for being referred to UNest by an existing client, solicitor or marketer. UNest or an affiliate may also pay 3rd party services for driving new users to UNest. UNest or an affiliate may also receive compensation from retailers in connection with certain

promotions, in which UNest or an affiliate refers UNest clients to the retailers for the purchases of non-investment consumer products or services (e.g., office supplies or clothing). UNest or an affiliate may transfer a portion of the compensation received in connection with such promotions into the referrer's account to fund the purchase of additional investments for the client.

### **Financial Information**

UNest does not have any financial condition that is reasonably likely to impair it from meeting its contractual commitments to its clients and has never been the subject of a bankruptcy proceeding.

### **Termination of Advisory Relationship**

Clients should be aware that their agreement with UNest may be cancelled at any time, by either party. Any unpaid fees will be due and payable upon termination of account(s).

**BROCHURE SUPPLEMENT**  
(FORM ADV PART 2B)



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This Brochure Supplement provides information about certain UNest employees listed below that supplements the Wrap Fee Brochure you received above. If you have any questions about the contents of this brochure, please contact us at [info@u-nest.com](mailto:info@u-nest.com). Additional information about UNest is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

### **Founder/ CEO: Ksenia Yudina**



#### Experience:

Most recently a Vice President, Sr. Client Relationship Specialist at **Capital** Group/ American Funds, which enabled her to gain deep industry knowledge and insight on how to improve the current system. Prior, she had an internship at JP Morgan Private Bank. Before and during business school, she was managing a real estate firm specializing in residential short sales.

#### Credentials:

MBA from UCLA Anderson School of Management  
CFA Charterholder<sup>1</sup>

#### Disciplinary Information:

Ksenia Yudina has no disciplinary events to report.

#### Other Business Activity:

None.

#### Additional Compensation

There are no other compensation arrangements.

#### Supervision:

None

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<sup>1</sup> Chartered Financial Analyst (CFA) charter is a professional designation established in 1962 and awarded by CFA Institute. To earn the CFA charter, candidates must pass three sequential, six-hour examinations over two to four years. The three levels of the CFA Program test a wide range of investment topics, including ethical and professional standards, fixed-income analysis, alternative and derivative investments, and portfolio management and wealth planning. In addition, CFA charterholders must have at least four years of acceptable professional experience in the investment decision-making process and must commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.