



**The Free Investors**

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

*This brochure provides information about the qualifications and business practices of The Free Investors, LLC. If you have any questions about the contents of this brochure, please contact us at (917) 403-9354 or by email at: [gopal@thefreeinvestors.com](mailto:gopal@thefreeinvestors.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.*

*Additional information about The Free Investors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Free Investors, LLC's CRD number is: 162650*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of The Free Investors, LLC on 03/21/2018 are described below. Material changes relate to The Free Investors, LLC's policies, practices or conflicts of interests.

- The Free Investors, LLC has updated their Primary Office Address (Front Page).

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

The Free Investors, LLC is a Limited Liability Company organized in the state of New Jersey.

This firm was formed in February 2012, and the principal owner is Gopal Krishna Gantayat.

### B. Types of Advisory Services

The Free Investors, LLC (hereinafter “TFI”) offers the following services to advisory clients:

#### *Investment Supervisory Services*

TFI offers ongoing portfolio management services based on long-term total return strategy. We manage one portfolio, the Mosaic Portfolio. Mosaic Portfolio is a Spoke Fund®. A Spoke Fund® is not a mutual fund or a hedge fund. A Spoke Fund® is a group of separate accounts linked to the same exact portfolio of the fund’s manager. Spoke Fund® is short for “hub and spoke”. The portfolio manager’s own money is the “hub” – an independently held brokerage account synchronized to a model portfolio. The “spokes” represent separate investors’ accounts. Accounts are held at an independent custodian that offers advisers a trading platform enabling the use of model portfolios. Any changes made in the model portfolio create trades that are simultaneously executed pro-rata across all accounts that are synchronized to the model, including the portfolio manager’s own personal account(s).

TFI 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 selection 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 |

TFI evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. TFI will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

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

TFI generally limits its money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, hedge funds, REITs, private placements, and government securities. TFI may use other securities as well to help diversify a portfolio when applicable.

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

TFI offers the same suite of services to all of its clients. However, specific client financial plans 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.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent TFI from properly servicing the client account, or if the restrictions would require TFI to deviate from its standard suite of services, TFI reserves the right to end the relationship.

#### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. TFI DOES NOT participate in any wrap fee programs.

#### **E. Amounts Under Management**

TFI has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$743,892	\$0.00	December 2018

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
\$1 - \$2,000,000	0.95%
\$2,000,001 - \$4,000,000	0.80%
\$4,000,001 - \$10,000,000	0.65%
Above \$10,000,000	0.50%

These fees are negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid monthly or quarterly in advance or in arrears, and clients may terminate their contracts with ten days' written notice. Advisory fees are withdrawn directly from the client's accounts with client written authorization. In cases where Advisor fees are directly deducted, Advisor is required to a.) Obtain client authorization, b.) Send a copy of the invoice to the client at the same time that the IA directs invoice to the custodian for payment, c.) Disclose that the custodian will send quarterly invoices to the client wherein Advisor fees are itemized.

For fees are charged in arrears, no refund policy is necessary. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Fees that are collected in advance will be refunded based on the prorated amount of work completed up to the day of termination within the month/quarter terminated. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the month/quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the monthly/quarterly AUM fee by the number of days in the termination month/quarter). Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract.

### B. Payment of Fees

#### *Payment of Investment Supervisory Fees*

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid monthly or quarterly in advance or in arrears.

### **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by TFI. Please see Item 12 of this brochure regarding broker/custodian.

#### **Custodian Fees:**

\$100.00 minimum fee

0.30% for accounts from \$33,334.00 to \$250,000.00

0.20% for \$250,000 to \$1,000,000

0.10% for over \$1,000,000

### **D. Prepayment of Fees**

TFI collects fees in advance and in arrears. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be returned within fourteen days to the client via check or deposited back into client's account.

The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the month/quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the monthly/quarterly AUM fee by the number of days in the termination month/quarter).

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither TFI nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

TFI 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.

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

TFI generally provides management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Corporations or Business Entities



### *Minimum Account Size*

There is an account minimum, \$20,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

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

#### *Methods of Analysis*

TFI's primary method of analysis includes fundamental analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

#### *Investment Strategies*

TFI uses long term and short term trading strategies.

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

### **B. Material Risks Involved**

#### *Methods of Analysis*

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

#### *Investment Strategies*

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.

Short term trading generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

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

## C. Risks of Specific Securities Utilized

TFI generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can 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.

**Debt securities** carry risks such as the possibility of default on the principal, fluctuation in interest rates, and counterparties being unable to meet obligations.

**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). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

**Hedge Funds** are not suitable for all investors and involve a high degree of risk due to several factors that may contribute to above average gains or significant losses. Such factors include leveraging or other speculative investment practices, commodity trading, complex tax structures, a lack of transparency in the underlying investments, and generally the absence of a secondary market.

**REITs** have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

**Private placements** carry a substantial risk as they are largely unregulated offerings not subject to securities laws.

**Precious Metal ETFs** (Gold, Silver, Palladium Bullion backed “electronic shares” not physical metal): Investing in precious metal ETFs carries the risk of capital loss.

**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.

**Short term trading** risks include liquidity, economic stability and inflation.

**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.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither TFI nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither TFI nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither TFI nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

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

TFI does not utilize nor select other advisers or third party managers. All assets are managed by TFI management.

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

#### **A. 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.

#### **B. Recommendations Involving Material Financial Interests**

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

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

TFI will buy or sell securities for themselves that they also recommend to clients. While this normally presents a possibility for a conflict of interest, in a Spoke Fund®, the portfolio manager is buying and selling the same securities at the same time and price as investors. Clients that invest after a change has been made in the portfolio will be synchronized to the model accordingly by percentage weightings, and may therefore have a different cost basis reflective of the securities' market price at that time. Over time, due to portfolio rebalancing and turnover, the cost basis of positions held by new investors will come to mirror that of all other investors in the Spoke Fund® as well. This method will prevent any possible front-running by TFI or any other improper transactions. TFI will always document any transactions that could be construed as conflicts of interest.

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

TFI will buy or sell securities for themselves at the same time as clients. While this normally presents a possibility for a conflict of interest, due to the nature of TFI SpokeFund® strategy, all buys and sells will be conducted at the same time. This will prevent any possible front-running by TFI or any other improper transaction.

## **Item 12: Brokerage Practices**

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

The Custodian, FOLIO<sup>fn</sup>, was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. TFI will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

#### **1. *Research and Other Soft-Dollar Benefits***

TFI receives no research, product, or services other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits").

#### **2. *Brokerage for Client Referrals***

TFI receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### **3. *Clients Directing Which Broker/Dealer/Custodian to Use***

TFI will not allow clients to direct TFI to use a specific broker-dealer to execute transactions. Clients must use TFI recommended custodian (broker-dealer). By requiring clients to use our specific custodian, TFI may be unable to achieve most favorable execution of client transactions and this may cost clients money over using a lower-cost custodian.

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

TFI maintains the ability to block trade purchases across accounts, but will rarely do so. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

## **Item 13: Reviews of Accounts**

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

Client accounts are reviewed at least quarterly only by Gopal Krishna Gantayat, Managing Member. Gopal Krishna Gantayat is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at TFI are assigned to this reviewer.

## **B. 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).

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

Each client will receive at least monthly a written report that details the client's account which will come from the custodian.

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

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

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

## **B. Compensation to Non - Advisory Personnel for Client Referrals**

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

# **Item 15: Custody**

TFI, with client written authority, has limited custody of client's assets through direct fee deduction of TFI's Fees only. Constructive custody of all client's assets and holdings is maintained primarily at the Custodian. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

# **Item 16: Investment Discretion**

For those client accounts where TFI provides ongoing supervision, the client has given TFI written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides TFI discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

## **Item 17: Voting Client Securities (Proxy Voting)**

TFI 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 18: Financial Information**

### **A. Balance Sheet**

TFI 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.

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

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

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

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

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

TFI currently has only one management person/executive officer; Gopal Krishna Gantayat. Gopal Krishna Gantayat's education and business background can be found on the Supplemental ADV Part 2B form.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Gopal Krishna Gantayat's other business activities can be found on the Supplemental ADV Part 2B form.

### **C. How Performance Based Fees are Calculated and Degree of Risk to Clients**

TFI 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.

### **D. Material Disciplinary Disclosures for Management Persons of this Firm**

No management person at TFI or TFI has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

### **E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

Neither TFI, nor its management persons, has any relationship or arrangement with issuers of securities.