

# Emperor Investments, Inc.

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March 19, 2018

This Brochure provides information about the qualifications and business practices of Emperor Investments, Inc. (“Emperor Investments”, “us”, “we”, “our”). If you have any questions about the contents of this Brochure, please contact us at (519) 938-7164 or via email at [info@emperorinvests.com](mailto:info@emperorinvests.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.

Additional information about Emperor Investments is also available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Emperor Investments is 285445. The SEC’s web site also provides information about any persons affiliated with Emperor Investments who are registered, or are required to be registered, as Investment Adviser Representatives of Emperor Investments.

Emperor Investments is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that you may use to determine whether to hire or retain them.

## **Item 2 Material Changes**

Since our initial filing on March 3, 2017 we have made the following material changes to our business:

- Emperor Investments, Inc. has updated the Advisory Business section to reflect a change in the ownership structure.
- Yang “Anna” Song is no longer an owner or portfolio manager

In the future, this section of the Brochure will discuss only the specific material changes that were made to the Brochure and will provide you with a summary of all material changes that have occurred since the last filing of this Brochure. This section will also identify the date of our last annual Brochure update.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year end which is December 31. We will provide other ongoing disclosure information about material changes as they occur. We will also provide you with information on how to obtain the complete brochure. Currently, our Brochure may be requested at any time, without charge, by contacting Brenna Casserly at (519) 938-7164.

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## Item 4 – Advisory Business Introduction

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### Our Advisory Business

Emperor Investments is a registered investment adviser that is registered with the Securities and Exchange Commission (“SEC”). The Adviser was founded in 2016 by Brenna Casserly, Yang “Anna” Song, and Francis Marie George Leon Henri Tapon. The Adviser’s principal owners are Brenna Casserly and Francis Marie George Leon Henri Tapon.

### Services

Emperor Investments provides web-based investment advisory services and charges a fee based on the value of assets under management. The services included in the Program are advisory, trade execution, clearance, custody, and reporting. Emperor Investments interacts with its Clients primarily through a website: [www.emperorinvests.com](http://www.emperorinvests.com). The advisory services are delivered solely through the website. Emperor Investments does not provide investment advice in person, over the phone.

Each Client inputs their personal information, including age, financial resources, and investment goals and objectives via an online interactive questionnaire contained within the website. Based solely on the information provided by the Client via the questionnaire, the software analyzes the information and provides the Client with access to a curated selection of suitable investment options. Clients should understand that the website relies upon the information provided by the Client, and Emperor Investments does not capture any additional information not covered in the questionnaire in making its risk assessment and providing its investment advice.

As part of their investment advisory services, Emperor Investments will:

- Review your present financial situation (as you report it through the website);
- Provide financial educational content;
- Make investment selections based on your risk profile and financial objectives;
- Determine appropriate diversification and portfolio construction actions;
- Monitor and track assets under management;
- Rebalance your account at least annually; and
- Provide account statements and confirmations.

Clients are obligated to update their information in the website promptly if there are any changes to their financial situation, goals, objectives, personal circumstances, time horizon or if other relevant information changes or becomes available.

The securities and assets in each Client’s account are held in a separate account in the name of the Client at an independent custodian, and not with Emperor Investments. All accounts managed through Emperor Investments are required to use Folio as the independent custodian. Emperor Investments shall be granted the authority to manage Client accounts solely on a discretionary basis. Consequently, Emperor Investments shall have the authority to determine the following without the client’s consent:

- Securities to be bought or sold for the Client’s account
- Amount of securities to be bought or sold for the Client’s account
- Broker-dealer to be used for a purchase or sale of securities for the Client’s account
- Commission rates to be paid to a broker or dealer for the Client’s securities transaction.

The securities purchased or sold on behalf of a Client and/or held in Client accounts may be either whole shares or fractional shares, depending upon the amounts a Client invests. Emperor Investments enables dollar based investing, whereby a Client can buy a fixed dollar amount rather than whole shares. Emperor Investments aggregates all dollar based purchases and places whole share orders for executions. Thereafter, Emperor Investments allocates the fractional shares to the individual Client accounts. Fractional shares, however, are typically not transferrable outside of a Client’s advisory account because the financial system in the United States currently is structured only to accommodate transfers of full shares. As a result, fractional shares may not be marketable or transferrable to another brokerage account.

In the event of a liquidation or transfer of the assets in a Client’s Advisory Account to another account, Emperor Investments will convert such fractional shares to cash.

Clients will receive Emperor Investment’s Advisory Agreement, which further details the services Clients will receive, fees charged to Clients, and the conditions of the relationship. Importantly, Emperor Investments does not provide overall financial planning services nor does it provide tax advice.

**Wrap Fee**

The Adviser does not sponsor or participate in a third-party sponsored wrap fee program.

**Assets Under Management**

As of December 31, 2017, we did not have any assets under management.

**Item 5 – Fees and Compensation**

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**Asset Management Fee Schedule**

Emperor Investments does not have a minimum account size requirement. The fee charged is based upon the amount of money invested. Fees are charged monthly, in arrears. Payments are due and will be assessed on the last day of each month, based on the average daily balance of the account(s) under management for the preceding month. Fees will be calculated as follows:

Non-Tiered fee Schedule

AUM	Fee
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Up to \$5,000	0%
\$5,001 and over billed at	0.6%

Example fee calculation

$AUM \times \% / 12 = \text{Total fee}$

The fees shown above are annual fees and may be negotiable based upon certain circumstances. No increase in the annual fee shall be effective without prior written notification. Emperor Investments believes the advisory fee is reasonable considering the fees charged by other investment advisers offering similar services/programs.

**Automatic Payment of Fee**

The Client agrees to authorize the Custodian to pay directly to Emperor Investments upon receipt of notice, the Account's investment advisory services fee. Fee withdrawals will occur no more frequently than quarterly from the Client's Account, unless specifically instructed otherwise by the Client.

This fee will show up as a deduction on your next account statement from the custodian.

Either party may terminate the relationship with a thirty (30) day written notice. Upon termination of any account, any prepaid fees that are in excess of the services performed will be promptly refunded to you. Any fees that are due, but have not been paid, will be billed to you and are due immediately.

**Third Party Fees**

Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses. You may incur certain charges imposed by custodians, and other third parties. These include fees charged by managers, 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 funds, money market funds and exchange-traded funds (ETFs) also charge internal management fees, which are disclosed in the fund's prospectus. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. Certain strategies offered by us may involve investment in mutual funds and/or ETFs. Load and no load mutual funds may pay annual distribution charges, sometimes referred to as "12(b)(1) fees". These 12(b)(1) fees come from fund assets, and thus indirectly from clients' assets. We do not receive any compensation from these fees. All of these fees are in addition to the management fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay. Services similar to those offered by us may be available elsewhere for more or less than the amounts we charge. Our brokerage practices are discussed in more detail under Item 12 – Brokerage Practices.

## **Item 6 – Performance Based Fee and Side by Side Management**

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We do not charge any performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7 – Types of Client(s)**

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There are no minimum account size requirements.

The Adviser provides portfolio management services to individuals and high net worth individuals.

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

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### **Methods of Analysis**

We use Fundamental and Technical Analysis as part of our overall investment management discipline; the implementation of these analyses as part of our investment advisory services to you may include any, all or a combination of the following:

#### **Fundamental Analysis**

Fundamental analysis is a technique that attempts to determine a security's value by focusing on the underlying factors that affect a company's actual business and its future prospects. Fundamental analysis is about using real data to evaluate a security's value. It refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.

The end goal of performing fundamental analysis is to produce a value that we can compare with the security's current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short).

#### **Technical Analysis**

Technical Analysis is a technique that attempts to determine a security's value by developing models and trading rules based upon price and volume transformation. Technical analysis assumes that a market's price reflects all relevant information so the analysis focuses on the history of a security's trading behavior rather than external drivers such as economic, fundamental and news events. The practice of technical analysis incorporates the importance of understanding how market participants perceive and act upon relevant information rather than focusing on the information itself. Ultimately, technical analysts develop trading models and rules by evaluating factors such as market trends, market participant behaviors, supply and demand and pricing patterns and correlations.

As with other types of analysis, the predictive nature of technical analysis can vary greatly; models and rules are often modified and updated as new patterns and behaviors develop. Past performance is not an indicator of future return.

## Investment Strategies

A. The focus of Emperor's investing strategy is to pick companies with such reliable businesses that they pay dividends through thick and thin without cutting over long periods of time. We are risk averse and believe that a dollar in the hand is better than a possible capital gain in the bush. Steady dividends provide the foundation for our clients' portfolios. We spend considerable energy in making sure that the special companies that we invest in do not cut, have sustainable dividend payouts and do not support their dividend payments by taking on debt. Most people react badly to declines in the value of their portfolios. It's easier to explain to clients that the market will take off again when they are still receiving their dividends in cash exactly as before even though the market value of their portfolios has dropped. We believe that great investors win by not losing. Dividends allow our clients not to lose even in a downturn. Since we are heavily focused on companies with a long dividend paying track record, we look at these equities as more of a fixed income product than an equity. Even though we do our very best in picking great companies that we believe will continue paying dividends, there is not guarantee. Investing in the stock market bears risk, that is why we ask that only clients with a time horizon of 5 years or more invest with us.

B. Our investment strategy is value driven with a strong focus on key fundamentals. For accounts over \$5,000 or more we only invest in equities that meet our criteria. Our portfolio composition varies depending on the clients risk tolerance. For the lower risk portfolios, our filter values change and become stricter along with a less concentrated and more diversified portfolio. The only risk we face with Emperor's strategy is that a company that has had a very reliable dividend payment record will suddenly cut. To anticipate such events, we watch a number of ratios and items of data. When they blink red, we bail out even if the company is still performing satisfactorily. We are sometimes wrong but we try to avoid disasters where we actually lose our clients' money (we take seriously Warren Buffett's admonition" Rule number 1 do not lose your money; Rule number 2 remember rule number 1). We try to keep trading to a minimum, as we follow a buy and hold philosophy. We only trade when we buy and sometimes, but not often, when we sell. We believe the composition of our portfolios is very stable.

C. We invest the old-fashioned way in successful businesses by purchasing common shares cheaply. Occasionally we buy preferred shares although we prefer common shares that allow us to vote on company decisions. The risk we run is mostly market risk. Our portfolios are moderately concentrated (15-30 different stocks, depending on our clients risk tolerance) with little idiosyncratic risk. We use a Markowitz algorithm to minimize their variability although we do not equate volatility with risk. For us risk is the probability of losing our clients' money. We like volatility because it inevitably gives us the opportunity of buying the stocks we like cheaply.

In order to perform this analysis, we use many resources, such as:

- Bloomberg
- DataStream



- Financial newspapers and magazines (e.g. Wall Street Journal, Forbes, etc.)
- Annual reports, prospectuses, filings
- Company press releases and websites

The investment strategies we use to implement any investment advice given to you include, but are not limited to:

- Long term purchases - securities held at least a year
- Short term purchases - securities sold within a year
- Trading - securities sold within 30 days

## **Risk of Loss**

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that you should be prepared to bear. You need to understand that investment decisions made for your account by us are subject to various market, currency, economic, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance.

A list of all risks associated with the strategies, products and methodology we offer are listed below:

### ***Fundamental Analysis Risk***

Fundamental analysis, when used in isolation, has a number of risks:

- There are an infinite number of factors that can affect the earnings of a company, and its stock price, over time. These can include economic, political and social factors, in addition to the various company statistics.
- The data used may be out of date.
- It is difficult to give appropriate weightings to the factors.
- It assumes that the analyst is competent.
- It ignores the influence of random events such as oil spills, product defects being exposed, and acts of God and so on.

### ***Technical Analysis risk***

- Technical analysis is derived from the study of market participant behavior and its efficacy is a matter of controversy.
- Methods vary greatly and can be highly subjective; different technical analysts can sometimes make contradictory predictions from the same data.
- Models and rules can incur sufficiently high transaction costs.

### ***Exchange Traded Fund ("ETF") Risk***

Most ETFs are passively managed investment companies whose shares are purchased and sold on a securities exchange. An ETF represents a portfolio of securities designed to track a particular market segment or index. ETFs are subject to the following risks that do not apply to conventional funds:

- The market price of the ETF's shares may trade at a premium or a discount to their net asset value;
- An active trading market for an ETF's shares may not develop or be maintained; and
- There is no assurance that the requirements of the exchange necessary to maintain the listing of an ETF will continue to be met or remain unchanged

### ***Stock Fund Risk***

Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons, such as the overall strength of the economy or demand for particular products or services.

### ***Overall Risks***

Clients need to remember that past performance is no guarantee of future results. All investments carry some level of risk. You may lose some or all of the money you invest, including your principal, because the securities held by a ETF goes up and down in value. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.

Before you invest, be sure to read a ETF's prospectus and shareholder reports to learn about its investment strategy and the potential risks. ETFs with higher rates of return may take risks that are beyond your comfort level and are inconsistent with your financial goals.

While past performance does not necessarily predict future returns, it can tell you how volatile (or stable) a fund has been over a period of time. Generally, the more volatile a ETF, the higher the investment risk. If you'll need your money to meet a financial goal in the near-term, you probably can't afford the risk of investing in a fund with a volatile history because you will not have enough time to ride out any declines in the stock market.

## **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 us or the integrity of our management. We do not have any information to disclose concerning Emperor Investments or any of our IARs. We adhere to high ethical standards for all IARs and associates.

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

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Neither Emperor Investments nor any of its management persons are registered as a broker-dealer or registered as a representative of a broker-dealer, nor does it have any pending application to register. In addition, neither Emperor Investments nor its management persons are affiliated with any broker-dealer.

Emperor Investments and its management persons are not registering as a commodity pool operator, futures commission merchant, or commodity trading advisor.

## **Other Financial Industry Affiliations**

The IARs of Emperor Investments do not participate in other business activities or have any outside affiliations at this time.

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

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### **General Information**

We have adopted a Code of Ethics for all supervised persons of the firm describing its high standards of business conduct, and fiduciary duty to you, our client. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All of our [IAR name] s must acknowledge the terms of the Code of Ethics annually, or as amended.

### **Participation or Interest in Client Accounts**

Our Compliance policies and procedures prohibit anyone associated with Emperor Investments from having an interest in a client account or participating in the profits of a client's account without the approval of the CCO.

The following acts are prohibited:

- Employing any device, scheme or artifice to defraud
- Making any untrue statement of a material fact
- Omitting to state a material fact necessary in order to make a statement, in light of the circumstances under which it is made, not misleading
- Engaging in any fraudulent or deceitful act, practice or course of business
- Engaging in any manipulative practices

Clients and prospective clients may request a copy of the firm's Code of Ethics by contacting the CCO.

### **Personal Trading**

We may recommend securities to you that we will purchase for our own accounts. We may trade securities in our account that we have recommended to you as long as we place our orders after your orders. This policy is meant to prevent us from benefiting as a result of transactions placed on behalf of advisory accounts.

Certain affiliated accounts may trade in the same securities with your accounts on an aggregated basis when consistent with our obligation of best execution. When trades are aggregated, all parties will share

the costs in proportion to their investment. We will retain records of the trade Order (specifying each participating account) and its allocation. Completed Orders will be allocated as specified in the initial trade order. Partially filled Orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Emperor Investments has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of "Access Persons". The policy requires that an Access Person of the firm provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Adviser selects; provided, however that at any time that the Adviser has only one Access Person, he or she shall not be required to submit any securities report described above.

We have established the following restrictions in order to ensure our fiduciary responsibilities regarding insider trading are met:

- No securities for our personal portfolio(s) shall be bought or sold where this decision is substantially derived, in whole or in part, from the role of IARs of Emperor Investments, unless the information is also available to the investing public on reasonable inquiry. In no case, shall we put our own interests ahead of yours.

## **Privacy Statement**

We are committed to safeguarding your confidential information and hold all personal information provided to us in the strictest confidence. These records include all personal information that we collect from you or receive from other firms in connection with any of the financial services they provide. We also require other firms with whom we deal with to restrict the use of your information. Our Privacy Policy is available upon request.

## **Conflicts of Interest**

Emperor Investment's IARs may employ the same strategy for their personal investment accounts as it does for its clients. However, IARs may not place their orders in a way to benefit from the purchase or sale of a security.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interests of all the accounts we advise.

## Item 12 – Brokerage Practices

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### Factors Used to Select Custodians

In recommending a custodian/broker-dealer, we look for a company that offers relatively low transaction fees, access to desired securities, trading platforms, and support services. We may recommend clients use Folio as the qualified custodian for their accounts when utilizing our asset management services.

### Soft Dollars

We do not receive any soft dollars from broker-dealers, custodians or third party money managers.

### Best Execution

We have an obligation to seek best execution for you. In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, reputation and responsiveness. Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for account transactions.

### Brokerage for Client Referrals

In selecting and/or recommending broker-dealers, we do not take into consideration whether or not we will receive client referrals from the broker-dealer or third party.

### Directed Brokerage

We do not permit directed brokerage. We will require you to use the custodian of our choosing as the custodial firm.

### Trading

Transactions for each client account generally will be combined or "batched" on order to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our clients' differences in prices and commission or other transaction costs. Under this procedure, transactions will be price-averaged and allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day. Orders will be placed twice per during our trading windows.

## Item 13 – Review of Accounts

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### Reviews

Reviews are conducted at least annually or as agreed to by us. Reviews will be conducted by our Chief Compliance Officer, Brenna Casserly. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, we will monitor for changes and shifts in the economy, changes to the management and structure of a mutual fund or company in which client assets are invested, and market shifts and corrections.

## Reports

Clients can access their quarterly brokerage account statements provided by the custodian detailing their account information via our online website. We do not provide any additional statements to clients; the only statements clients will receive are those provided by the custodian(s).

## Item 14 – Client Referrals and Other Compensation

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We do not receive any economic benefit from someone who is not a client for providing investment advice or other advisory services to our clients nor do we directly or indirectly pay any compensation to another person if they refer clients to us.

## Item 15 – Custody

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We do not have physical custody of any accounts or assets. However, we may be deemed to have custody of your account(s) if we have the ability to deduct your advisory fees from the custodian. We use Folio as the custodian and/or broker-dealer for all your accounts. You should receive at least quarterly statements from the broker-dealer or custodian that holds and maintains your investment assets. We urge you to carefully review such statements and compare this official custodial record to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. If you notice any discrepancies, please contact Emperor Investments.

We do not debit the client fees directly from your advisory account. We send information to your custodian to debit your fees and to pay them to us. You authorized the custodian to pay us directly at the onset of the relationship.

## Item 16 – Investment Discretion

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Generally, Emperor will direct and be responsible for the direction of investments through the website. Emperor shall have discretion over assets in your Account to the limited extent that Emperor shall have the authority under the Program:

- to determine and modify from time to time which securities are offered through the Application
- to determine the timing of Purchases in relation to Deposits;
- to determine which securities to buy or sell; and
- to determine the timing of Sales and Withdrawals in relation to requests for Withdrawals

## **Item 17 – Voting Client Securities**

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As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. We may provide advice to you regarding your voting of proxies. The custodian will forward you copies of all proxies and shareholder communications relating to your account assets.

## **Item 18 – Financial Information**

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We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that would impair our ability to meet any contractual and fiduciary commitments to you, our client. We have not been the subject of any bankruptcy proceedings. In no event shall we charge advisory fees that are both in excess of twelve hundred dollars and more than six months in advance of advisory services rendered.