

# ELV8 Inc. d/b/a Scout

FORM ADV PART 2A  
Appendix 1  
Wrap Fee Program Brochure

## Legacy Scout Wrap Program

*This wrap fee program brochure provides information about the qualifications and business practices of ELV8 Inc. If you have any questions about the contents of this brochure, please contact us at (323) 576-6750 or by email at: [mike@elevatewith.com](mailto:mike@elevatewith.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 as an investment adviser does not imply a certain level of skill or training.*

*Additional information about ELV8 Inc is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). ELV8 Inc's CRD number is: 318417.*

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## Item 2: Material Changes

ELV8 Inc is required to disclose a summary of material changes that have occurred to this Brochure since our last annual update. Material changes generally relate to ELV8 Inc's policies, practices, or conflicts of interest. Since our last annual update of this brochure on March 31, 2023:

Throughout this Brochure, updates have been made to rename this program as the Legacy Scout Wrap Program, rather than the Scout Wrap Program. Scout has changed certain aspects of our business model and all new accounts will be managed accordingly in a new program that will now be known as the Scout Wrap Program. Scout will continue to manage its Legacy accounts as detailed herein.

All other changes to this Brochure were routine changes. We encourage you to read this document in its entirety.

If you would like another copy of this Brochure, please download it from the SEC website as indicated in Item 1, or you may contact our principal office at (323) 576-6750 or [mike@elevatewith.com](mailto:mike@elevatewith.com).

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## Item 4: Advisory Business

### A. Services

ELV8 Inc (hereinafter “Scout”, “we”, “us”, “our”) provides portfolio management to clients under this wrap fee program as sponsor and portfolio manager.

Total Assets Under Management	Annual Fee
All Assets	1.00% or \$0.99/month*

*\* For accounts with a beginning period balance below \$1,000, clients will pay a monthly fee of \$0.99. For accounts that begin a period with a balance greater than or equal to \$1,000, clients will pay an annual fee of 1.00%, prorated monthly based upon the month's average daily balance.*

Robo-advisory portfolio management fees are paid directly from the client's connected bank account, with client's written authorization, on a monthly basis. The final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty, for full refund of Scout's fees, within five business days of signing the advisory agreement. Thereafter, clients may terminate the advisory agreement generally with three days' written notice (via email at: [mike@elevatewith.com](mailto:mike@elevatewith.com)).

### B. Contribution Cost Factors

The program may cost you 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 your account, the size of your account, our 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).

### C. Additional Fees

The advisory fee that Scout charges under this program is an ongoing wrap fee for investment advisory services, the execution of transactions and other administrative and custodial services. Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that Scout has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs.

In addition to Scout's advisory fee, clients may incur certain other fees imposed by third party financial institutions. These include, but are not limited to, service fees, account

maintenance fees, ETF and mutual fund fees (including sales loads and other operating expenses on a fund), margin costs, fees associated with “step out” transactions if the account uses different custodians or broker-dealers, 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.

The prospectus or offering documents for mutual funds, ETFs or other investments will detail the fees and charges assessed by the managers of those products. Thus, when assets are invested in shares of mutual fund products or ETFs, clients will pay both the management fees to Scout for its services plus other fees paid to the mutual fund or other product. In addition, there may be tax effects relating to fund share redemptions or the cancellations of policies made by or on behalf of clients, as well as deferred sales charges or redemption fees where the investment positions are sold prior to the expiration of a specified holding period.

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

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

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

Scout generally offers advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

Currently, clients must maintain a minimum account balance of \$10 USD to have an active account with Scout. In addition, Scout has in place an alternative fee structure for accounts below a certain threshold, as described in Item 4 above.

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

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

In the Legacy Scout Wrap Program, we do not select, review, or recommend other investment advisers or portfolio managers but we are subject to our own review.

Scout uses industry standards to calculate portfolio performance. We review the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is periodically reviewed by Scout’s Chief Compliance Officer.

## **B. Related Persons**

Scout and our personnel serve as the portfolio manager(s) for all wrap fee program accounts. This is a conflict of interest in that no outside adviser assesses our management of the wrap fee program. However, we address this conflict by acting in our clients' best interest, consistent with our fiduciary duty as sponsor and portfolio manager of the wrap fee program.

## **C. Advisory Business**

Scout provides "robo-advisory" portfolio management services through a phone application. This entails the use of algorithm-based portfolio management advice, rather than fully customized and in-person investment advice. These automated investment solutions may, on occasion, allow some customization based on certain individual client preferences, and our recommendations are based on information that is provided by our clients such as the client's age, risk tolerance, income, and current assets. Scout's investment advisory personnel oversee the algorithm but may not monitor each client's account individually. You are encouraged to update your account profile with any change in your objectives, risk tolerance, or other pertinent information, as that information factors into the portfolio's composition. We require discretionary authority from clients in order to select securities and execute transactions without permission from you prior to each transaction.

Clients authorize Scout to effect transactions in the client's account in accordance with the security selection and allocation for each specific model portfolio and/or themed portfolio deemed appropriate based on the client's profile information and any available customizations selected. In general, while clients have the ability to direct certain trading activity in their account(s), clients cannot impose restrictions on the discretionary management of their accounts by Scout.

Portfolio management accounts participating in the wrap fee program will not have to pay for transaction or trading fees. Scout will charge clients one fee, and pay transaction fees using the advisory fee collected from the client. Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, 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.

Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that Scout has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs. To address this conflict, Scout will always act in the best interest of its clients consistent with its fiduciary duty as an investment adviser.

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

Scout generally limits its investment advice to equities, fixed income securities, and ETFs, although Scout primarily recommends equities/ETFs. Scout may use other securities as well to help diversify a portfolio when applicable.

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

Scout offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client's current situation (factors that may include but are not limited to, income, tax levels, and risk tolerance levels). Generally, you are not permitted to impose individualized restrictions on the management of your accounts as these restrictions could prevent us from properly servicing your account or cause us to deviate from our standard suite of services. In instances where a client request would cause the aforementioned, we reserve the right to end our relationship with you.

### ***Wrap Fee Programs***

As discussed herein, Scout sponsors and acts as portfolio manager for this wrap fee program. Scout manages the investments in the wrap fee program, but does not manage those wrap fee accounts any differently than it would manage non-wrap fee accounts. The fees paid to the wrap account program will be given to Scout as a management fee.

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

Scout has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$216,593	\$0	March 28, 2024

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

Scout 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.

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

#### **Methods of Analysis**

Scout's methods of analysis include fundamental analysis, modern portfolio theory, quantitative analysis and mean-variance optimization.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various

assets.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Mean-variance optimization:** The expected return of the portfolio is a weighted average of the expected returns of the individual asset classes, with the weights given by the portfolio allocations. The variance of the portfolio depends on the variances of the individual asset classes, but also on how they move with one another, collectively captured by the asset class covariance matrix.

Solving for different values of the target volatility gives us a collection of portfolios that: maximize expected return for each level of risk, have weights that sum to one (i.e. a portfolio that is fully invested and does not use leverage), and satisfy the lower- and upper-bound constraints on the weights. These constraints ensure that resulting portfolios are long-only (i.e. weights are positive) and are not overly concentrated in a small number of asset classes. Clients are recommended a portfolio based on the results of a risk questionnaire, which evaluates their ability and willingness to take risk.

### **Investment Strategies**

Scout uses/recommends long term investing, but allows clients to make short-term trades in specific thematic areas.

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

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

#### **Methods of Analysis**

**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.

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Mean variance optimization (MVO)** is a quantitative tool that allows you to make



allocation decisions by considering the trade-off between risk and return. In conventional single period MVO you will make your portfolio allocation for a single upcoming period, and the goal will be to maximize your expected return subject to a selected level of risk. Investment strategies using MVO models may perform differently than expected as a result of, among other things, the factors used in the MVO models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

### **Investment Strategies**

**Robo-advisory services** use algorithms as the basis of the management process. Risks of this approach include, but are not limited to, that the algorithm might rebalance client accounts without regard to market conditions, that the accounts may be automatically rebalances on a more frequent basis or a less frequent basis than the client might expect, and that the algorithm may not address prolonged changes in market conditions. Additionally, clients should be aware that responses to the adviser's suitability questionnaire are typically the sole basis for the portfolio's allocation.

**Long term investing** 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 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, in addition to the long term trading risks listed above. Frequent trading 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***

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked 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. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Because ETFs use "authorized participants" (APs) as agents to facilitate creations or redemptions (primary market), there is a risk that an AP decides to no longer participate for a particular ETF; however, that risk is mitigated by the fact that other APs can step in to fill the vacancy of the withdrawing AP [an ETF typically has multiple APs] and ETF transactions predominantly take place in the secondary market without need for an AP. Like other liquid securities, ETF pricing changes throughout the trading day and there can be no guarantee that an ETF is purchased at the optimal time in terms of market movements. Moreover, due to market fluctuations, ETF brokerage costs, differing demand and characteristics of underlying securities, and other factors, the price of an ETF can be lower than the aggregate market price of its cash and component individual securities (net asset value – NAV). An ETF is subject to the same market risks as those of its underlying individual securities, and also has internal expenses that can lower investment returns.

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

### ***Voting Client Securities (Proxy Voting)***

Scout 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**

In the Legacy Scout Wrap Program, Scout is responsible for account management; there is no separate portfolio manager involved. Scout obtains the necessary financial data from you by having you complete an investor profile and other documentation.

You are encouraged to contact us promptly if there have been any changes in your financial situation or investment objective. This information is provided to our portfolio management team when you inform us of the update. You should be aware that the investment objective selected for the program is an overall objective for your account as a whole and may be inconsistent with a particular holding or the account's performance at any time. You should further be aware that achievement of the stated investment objective is a long-term goal for the account and no performance can be guaranteed.

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

Scout does not restrict clients from contacting portfolio managers. Scout's representatives can be contacted during regular business hours using the information listed on the Cover Page of this Brochure.

## **Item 9: Additional Information**

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

#### ***Disciplinary Action***

Scout is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our advisory business or the integrity of our management. Scout and our management personnel have no reportable disciplinary events to disclose.

#### ***Other Financial Industry Activities***

Neither Scout nor any of our management is:

- registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer
- registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity-trading adviser, or an associated person of the foregoing entities
- related to a broker-dealer, municipal securities dealer, or government securities broker or dealer
- related to an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company, hedge fund, or offshore fund)
- other investment adviser or financial planner
- banking or thrift institution
- accounting firm
- law firm
- insurance company or agency
- pension consultant
- real estate broker or dealer
- sponsor or syndicator of a limited partnership

## *Selection of Other Advisers*

Scout does not recommend or select other investment advisers for our clients and we do not have any business relationships with other investment advisers that can create a material conflict of interest.

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

### *Code of Ethics*

Scout has adopted a written code of ethics ("Code of Ethics"), pursuant to Rule 204A-1 under the Investment Advisers Act of 1940. The Code of Ethics is applicable to all employees and, among other things, requires us and our employees to act in our clients' best interests and abide by all applicable regulations.

The Code of Ethics also describes rules surrounding personal securities transactions. Under Rule 204A-1, certain provisions of the Code of Ethics apply only to Scout employees who are considered "access persons". These access persons are required to report certain personal securities transactions and holdings. Scout's restrictions on personal securities trading apply to access persons as well as their family members that live in the same household. The Code of Ethics also requires employees to follow policies related to business-related gifts and entertainment, and outside business activities.

Each person associated with Scout has been given a copy of the Code of Ethics and is required to submit an acknowledgement attesting to their understanding of the Code and acceptance of its terms. Scout's Code of Ethics is available free upon request to any client or prospective client.

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

From time to time, representatives of Scout may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Scout 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. Scout 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 Scout may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Scout to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, Scout will never engage in trading

that operates to the client's disadvantage if representatives of Scout buy or sell securities at or around the same time as clients.

### ***Review of Accounts***

Individual robo-advisory accounts are not reviewed by Scout on an ongoing basis, save for automated allocation revisions. Clients are encouraged to update their account with any change in their objectives, risk tolerance, or other pertinent information, as that information factors into the portfolio's composition. Scout's recommended securities are actively monitored and both the investments and the allocations within Scout's automated portfolio management system may change based on factors such as market, economic, or political events.

Each client will receive a quarterly account statement from the custodian and clients are able to monitor account activity through the Scout App.

### ***Client Referrals and Other Compensation***

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

Scout may enter into promoter agreements pursuant to which we would compensate third parties ("promoters") for client referrals that result in the provision of investment advisory services by us. We will disclose these promoter arrangements to affected clients as required, and any promoter agreements will comply with rules set forth under the Investment Advisers Act of 1940 and any other applicable requirements or regulations.

Payment may also be made to certain clients if the client's social media posts reference Scout, regardless of whether any new clients are obtained from these client posts. Moreover, Scout will pay fees to third parties solely for driving prospective clients to Scout from other websites.

Payments for the referrals described above are expected to remain under a de minimis amount and the cost of any such payment will be borne entirely by Scout. Clients do not incur any additional fees or costs for being referred to Scout by a promoter.

### ***Financial Information***

Scout neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet with this Brochure.

Scout has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to provide investment advisory services to current or prospective clients.