



## Invstr Financial LLC

Firm Brochure  
(Part 2A of Form ADV)

March 4, 2024

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This brochure ("**Brochure**") provides information about the qualifications and business practices of Invstr Financial LLC ("**Invstr**"). If you have any questions about the contents of this brochure, please contact Invstr's Compliance Officer, James Arscott at [james.arscott@invstr.com](mailto:james.arscott@invstr.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. Invstr Financial is an investment adviser registered with the SEC. Registration does not imply a certain level of skill or training.

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

## Item 2 – Material Changes

DATE	DESCRIPTION
Jan 2023	Change of Chief Compliance Officer from Kevin Rich to Jake Palmer
Jan 2023	Change of President from Kevin Rich to Shawn Hockaday
Jan 2023	Change of registered home office location from New York to Texas Jan 2023. New York location was closed at that time.
March 2024	- Change of Compliance Officer - 12. Brokerage Practices

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## Item 4 – Advisory Business

Invstr is a digital only investment advisory firm providing non-discretionary investment advisory and investor education services to individual retail clients, depending on the services selected. Founded in 2019, Invstr Financial is a US tax registered company with its registered office at 8 The Green, Suite A, Dover, Delaware 19901, and its main office at 3201 Cherry Ridge Road, Suite 213B, San Antonio, TX 78230. Invstr Financial is wholly owned by Marketspringpad Holdings Limited, a Jersey based financial technology company, which is majority owned by Kerim Derhalli.

All of our clients receive services over the internet through the Invstr smartphone/tablet app, which is available for iOS and Android, or desktop. Invstr also has an online community on its app where our clients can learn from each other through a social feed and messaging. We also offer electronic feedback and analytical tools to help our clients understand the investment process and to assist in the evaluation of potential investments.

- Invstr “Stats” is a tool that endeavours to assist our clients to better understand their investment performance, the risk profile of their portfolio, their behaviour as investors and the efficiency of their purchase and sale transactions.
- “Portfolio Builder” is a tool that uses factor based analysis of US listed securities combined with customer preferences to calculate and back test suggested portfolios.
- “Portfolio Optimizer” is designed to help clients enhance the expected risk-adjusted returns of their holdings. By looking at their current portfolio and comparing each position to similar instruments with a higher ranking according to the Invstr instrument score, it suggests upgrades to their holdings without changing the fundamental nature of the risks already defined by the client.

It is important to note that any Generated Account Information provided by Invstr’s proprietary system is non-discretionary in nature, meaning that it is up to the individual client to not only evaluate and review such information but also whether to ultimately implement, on his/her own, any subsequent investment transaction(s) based on such information. Invstr does not make individual representatives available to discuss client servicing matters or the Generated Account Information provided by the system with clients. As such, each participating client should understand that he/she alone is solely responsible for making any and all investment decisions related to the Invstr account (whether based on the Generated Account Information or otherwise).

In addition, participating Invstr clients should understand that output from any Generated Account Information is solely dependent on the participating client’s active and consistent use of the Invstr app. A participating client acknowledges and understands that the Generated Account Information provided by Invstr’s proprietary system is based SOLELY on such client’s interactions and information provided within the Invstr app and neither Invstr nor its proprietary system will consider any data or information (including any other securities, investments, cash or assets owned by the client) that are outside the Invstr app or not provided by the client via the Invstr app. As such, participating clients understand and acknowledge that the Generated Account Information provided by Invstr’s proprietary

system as described above is limited in nature and not meant to be, nor should be understood to be, based on a comprehensive or complete review of the client's financial situation, personal circumstances, investment goals or objectives, or risk tolerance.

Please also see Item 7 below for important additional information regarding Invstr's account offerings and services.

#### Assets under Management

As of the date of this Brochure, Invstr manages approximately \$1118922 in assets under management on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

**Invstr Pro – Subscription cost of \$3.99 per month (\$34.99 PA) ([here](#))**

*Invstr may waive a portion of the above Invstr account fees for qualifying clients that are currently university or college students.*

The relationship between the client and Invstr can be cancelled at any time, by either party, for any reason. Upon termination of an account, unpaid fees will be due and payable. None of the above fees are refundable or charged on a pro-rata basis if accounts are terminated. Upon receipt of a client's notice to terminate by Invstr, Invstr will proceed to close out the account(s). Invstr clients with Apex Clearing (Apex)-held brokerage trading accounts will be subject to any termination conditions described in the separate Apex agreement.

In addition, clients should be aware that mutual funds and exchange-traded funds ("ETFs") that they may purchase or sell in their accounts include their own embedded fees and expenses, including management fees, custodian fees, brokerage fees and trading commissions, and legal and accounting fees. Invstr does not earn or receive a portion of such fees. A mutual fund or ETF typically includes embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a client's portfolio performance or an index benchmark comparison. Expenses of a mutual fund or ETF generally include management fees, custodian fees, brokerage commissions, and legal and accounting fees. Mutual fund and ETF expenses may change from time to time at the sole discretion of the respective mutual fund or ETF.

Although Apex does not currently charge commissions with respect to equity securities transactions executed under their platform through an Invstr Plus account, Apex is compensated indirectly by receiving: (i) payment for routing certain orders in equity securities to specialised market maker firms for execution (known generally as "payment for order flow"); (ii) compensation received from participating third party banks with respect to interest payments in Apex's cash sweep program; and (iii) compensation generated in connection with Apex's securities lending program. Although Invstr does not currently participate in, nor receive compensation from, the above arrangements, it may enter into a revenue sharing arrangement with Apex in the future with respect to revenue generated from

such trades (and, if so, will provide relevant disclosure to affected clients at such time).

To mitigate any broker conflicts of interest, Invstr ensures that Apex has no decision making authority with regards to Invstr or its subsidiaries. We also conduct ongoing reviews and audits of our clearing firm, including an annual review and additional internal ethics training

## **Item 6 – Performance-Based Fees and Side-by-Side Management**

Not applicable.

## **Item 7 – Types of Clients**

Invstr's services are available to individual clients. Invstr does not provide accounts for corporates, partnerships or unincorporated associations.

The Invstr Plus services are available only to individuals with the following provisions:

- U.S. residents who maintain a checking account with a U.S. bank.
- Non-U.S. residents provided that they provide evidence of a government identification number (for example, a passport number) and a copy of the government document used to verify the client's identity.

The minimum amount needed to open an Invstr Plus account is \$1.

At the time of writing, the types of individual accounts that are, or will be, supported through the Apex brokerage service are:

- Single (individual) accounts
- Custodial accounts for minors (UTMA Uniform Transfers to Minors Act variety)
- Joint accounts<sup>1</sup>

Investors considering Invstr's digital-based service should be aware that its relationship with clients is likely to be different from *traditional* investment adviser relationships in certain aspects:

- Invstr is a software-based investment adviser which means clients must acknowledge their ability and willingness to conduct their relationship with Invstr on an electronic basis. Under the terms of the advisory agreement with Invstr, clients agree to receive all account information and account documents (including this Brochure), and any updates or changes to the same, through client's access to the Invstr app and emails Invstr may send to clients at an address provided by the respective client. Invstr does not make individual representatives available to discuss client servicing matters with clients.

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<sup>1</sup> Not yet available.

Information collected by Invstr from clients in connection with the services described in this Brochure will be maintained in accordance with Invstr's privacy policy, which will be provided to clients at account opening.

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

Please see the section "Certain Statistical-based Information Generated for Active Invstr Accounts" in Item 4 for a description of the Generated Account Information provided by Invstr's proprietary system that may be generated from a participating Invstr client's active and consistent interactions with the Invstr app. As further described in that section, Invstr's advisory services are limited to the provision of such Generated Account Information by Invstr's proprietary system. Invstr does not make individual representatives available to discuss client servicing matters or the Generated Account Information provided by the system with clients.

### Summary of Material Risks

Investing in securities involves risk of loss that clients should be prepared to bear. All investments include inherent risks of loss of principal. Invstr does not guarantee rates of return on investments for any period. All clients assume the risk that investment returns may be negative or below the rates of return of other investment advisers, market indexes or investment products. Clients may experience a loss of value in your investments. Past performance does not guarantee future results and there is no guarantee that your investment objectives will be achieved. The list of risk factors below is not a complete enumeration or explanation of the risks involved in Invstr accounts or the securities in those accounts. While Invstr seeks to manage accounts so that risks are appropriate to the strategy, it is not possible to fully mitigate all risks. You should also refer to the risk factors listed in the offering documents for any mutual funds or ETFs held in your account for additional information regarding the risks of investing in such funds.

The risks set forth below represent a general summary of the material risks involved in our investment strategies described above:

**Market Risk:** The value of equity or fixed income securities owned may decline, at times sharply and unpredictably, because of economic changes or other events that affect individual issuers or large portions of the market. It includes the risk that a particular style of investing, such as growth or value, may underperform other styles of investing or the market generally.

**Model Risk:** Our Generated Account Information is derived from the use of proprietary models. Investments selected by clients based on information generated from such models may perform differently than expected and there is no guarantee that any client investment decision utilizing such model-derived information will achieve its objective due to underlying factors such as not performing in line with historical trends or data. The effectiveness of information generated from such models may be reduced over time as a result of changing market conditions and a client's changing style and behaviour, as models are often based on

historical data. There is no guarantee that the use of models in providing Generated Account Information will result in successful results from client investment decisions using such information. There is also the risk that a model does not perform as it was designed, either due to error or failure in the model specification or inappropriate use. The models Invstr uses in providing Generated Account Information are subject to change without notice. The performance of the model in generating such information is dependent upon, but not limited to a number of considerations including the definition of the individual factors, the accuracy of the data used in building and implementing the factors, and the accurate coding in the initial construction of the model and subsequent changes. Different market conditions, volatilities and correlations than what existed during the construction and back testing of the model may lead to performance not consistent with expectations.

**Software Risk:** We deliver our investment advisory services entirely through software. Consequently, we design, develop and test our software before putting such software into production with actual client accounts and assets and we periodically monitor the behaviours of software after its deployment. Notwithstanding this design, development, testing and monitoring, it is possible that such software may not always perform exactly as intended or as disclosed on the website, mobile app, blogs or other disclosure documents, especially in certain combinations of unusual circumstances. We strive to monitor, detect and correct any software that does not perform as expected or as disclosed.

**Issuer Risk:** The value of a security may decline for a number of reasons, which directly relates to the issuer, such as management performance, financial advantage and reduced demand for the issuer's products or services.

**Risks Related to Company Size:** Client portfolios invested in small-capitalization and mid-capitalization stocks, which are often more volatile and less liquid than investments in larger companies. The frequency and volume of trading in securities of smaller and mid-size companies may be substantially less than is typical of larger companies. Therefore, the securities of smaller and mid-size companies may be subject to greater and more abrupt price fluctuations. In addition, smaller and mid-size companies may lack the management experience, financial resources and product diversification of larger companies, making them more susceptible to market pressures and business failure.

**Diversification Risks:** Some client portfolios may be concentrated in specific industry groups and will not be considered diversified portfolios. Such industry concentration could have a material effect on the performance of the portfolio if the particular industry sector in which the portfolio is invested does not perform well or falls out of favour. Non-diversified portfolios may experience greater volatility than diversified portfolios. The risks of investing in a non-diversified portfolio may also be greater than the risks of investing in a diversified portfolio.

**Country, Industry and Market Sector Risk:** An investment strategy may result in significantly over or under exposure to certain country, industry or market sectors, which may cause an account's performance to be more or less sensitive to developments affecting those countries, industries or sectors.

**Allocation Risk:** Asset classes in which the strategy seeks investment exposure can perform differently than each other at any given time so the strategy will then be affected by its



allocation among the various asset classes. If the strategy favours exposure to an asset class during a period when that class underperforms, performance may be hurt.

**ETF Risk:** ETF performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because: (1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; (2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and (3) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depositary Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange traded equity securities, and for which market quotations or valuation may be limited or inaccurate.

**Cryptocurrency Risk:** Cryptocurrency (notably, bitcoin), often referred to as “virtual currency” or “digital currency,” operates as a decentralised, peer-to-peer financial exchange and value storage that is used like money. Cryptocurrency operates without central authority or banks and is not backed by any government. Even indirectly, cryptocurrencies (i.e., bitcoin) may experience very high volatility. Cryptocurrency is also not legal tender. Federal, state or foreign governments may restrict the use and exchange of cryptocurrency, and regulation in the U.S. is still developing. Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers or malware.

**Operational Risk:** We rely on various affiliated and unaffiliated service providers to provide services to you, including, among others, custodians, broker-dealers, internet hosting services, smartphone app stores (e.g., for timely rollout of updates to our app), and others. We and our service providers may experience disruptions or operating errors that could negatively impact your account or your ability to get real time information regarding your account. While we rely on our service providers to have appropriate operational risk management policies and procedures, their methods of operational risk management may differ from our own in the setting of priorities, personnel and resources available or the effectiveness of relevant controls. Through our monitoring and oversight of service providers, we seek to ensure that service providers take appropriate precautions to avoid and mitigate risks that could lead to disruptions and operating errors. However, it is not possible for Invstr or service providers to identify all of the operational risks that may affect client accounts or to develop processes and controls to completely eliminate or mitigate their occurrence or effects.

**Cybersecurity Risk:** As the use of Internet technology has become more prevalent in the course of business, funds have become more susceptible to potential operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause Invstr to lose proprietary information, suffer data corruption or lose operational capacity. Such events could cause Invstr to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss. Cybersecurity breaches may involve unauthorised access to Invstr’s digital information systems through “hacking” or malicious software coding but may also result from outside attacks such as denial-of-service attacks through efforts to make

network services unavailable to intended users. In addition, cybersecurity breaches of Invstr's third-party service providers, or issuers in which clients invest, can also subject clients to many of the same risks associated with direct cybersecurity breaches. While Invstr has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity, there are inherent limitations in such plans and systems. Additionally, there is no guarantee that such efforts will succeed, especially because Invstr does not directly control the cybersecurity systems of issuers or third-party service providers.

## **Item 9 – Disciplinary Information**

Like all SEC registered investment advisers, Invstr is obliged to disclose certain legal or disciplinary events that may be material to any client when evaluating Invstr's services. Invstr does not have any such legal or disciplinary events to report.

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

Invstr does not currently have any other financial industry affiliations.

Neither Invstr, nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of one of the foregoing entities.

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

### Code of Ethics and Personal Trading

Invstr's personnel are required to follow and comply with a Code of Ethics that the firm has adopted (the "**Code**"). The Code sets forth fiduciary standards that apply to all employees, [incorporates the firm's insider trading policy, and governs outside business activities and the giving and receipt of gifts and entertainment]. In addition, the Code imposes restrictions on the personal trading activity of Invstr personnel, as well as reporting requirements. These personal trading restrictions are intended to ensure that personnel do not misuse client information for their own benefit. Subject to satisfying the requirements imposed under the Code, Invstr personnel are permitted to trade for their own accounts (whether at Invstr or otherwise) in securities that are recommended to and/or purchased for Invstr clients. Employee trading is monitored for adherence to the Code in order to help ensure employees comply with its provisions and to seek to ensure that the Code reasonably prevents conflicts of interest between Invstr and its clients.

All Invstr personnel must act in accordance with the fiduciary standard applicable to SEC registered advisers under the Advisers Act.

The Code is available for review by clients or potential clients upon request.

### Participation or Interest in Client Transactions

Neither Invstr nor any related persons recommend to clients, or buys or sells for client accounts, securities in which Invstr or any of its related persons has a material financial interest.

Some related persons of Invstr or one of its affiliates may be Pro members of Invstr and may therefore be invested in the same securities as Invstr clients, though such related persons receive no preferential treatment with respect to trading strategy, timing, order management, or execution. Transactions for all client accounts (including related person advisory accounts) are affected in a block trade at an average price, including client accounts which are related persons accounts.

## **Item 12 – Brokerage Practices**

As previously described, Invstr only provides non-discretionary advisory services and clients are responsible for making and implementing their own investment decisions.

As more fully described in Item 4, Invstr clients have the option of opening a separate brokerage account through the app with Apex, a third-party broker-dealer. Clients should understand that the appointment of Apex as the sole executing broker for their brokerage accounts may result in disadvantages to the client as a possible result of less favourable executions than may be available through the use of a different broker-dealer. Trading costs and other related account fees at other broker-dealers may be higher or lower than what is available through Apex.

Factors that Invstr considered in designating Apex as the broker-dealer/custodian for Invstr+ client accounts include but are not limited to: execution capability; commission rates; responsiveness; experience; reputation; quality of technology; and other factors. In addition, Invstr also considered that Apex provides access to certain capabilities such as fractional trading, which Invstr believes is integral to making investing accessible and affordable to clients.

Notwithstanding the above, Invstr intends to monitor the services provided by Apex and will also periodically reevaluate such services in accordance with Invstr's overall responsibilities and its compliance policies and procedures.

## **Item 13 – Review of Accounts**

Not applicable.

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

Invstr does not directly compensate or receive compensation from a person who is not Invstr's supervised person for client referrals.

## **Item 15 – Custody**

Not applicable.

## **Item 16 – Investment Discretion**

Not applicable.

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

Invstr does not have, and will not accept, authority to vote on client securities. Invstr+ clients that establish an Apex brokerage account will receive their proxies or other solicitations from securities held in such accounts directly from Apex or a transfer agent and should direct enquiries regarding such proxies or other solicitations directly to the sender.

## **Item 18 – Financial Information**

Not applicable.