

Evati Advisory Services, LLC

Wrap Fee Program Brochure

March 30, 2020

This wrap fee program brochure provides information about the qualifications and business practices of Evati Advisory Services, LLC. If you have any questions about the contents of this brochure, please contact us at (888) 382-8475 or by email at: hello@evati.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 Evati Advisory Services, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. Evati Advisory Services, LLC's CRD number is: 289281.

1880 Oak Ave., Suite 301
Evanston, IL 60201
(888) 382-8475
hello@evati.com
www.evati.com

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

Item 2: Material Changes

The only change to this brochure since the time of its last annual update on March 29, 2019 is the change in assets under management.

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Item 4: Services, Fees and Compensation

Evati Advisory Services, LLC (hereinafter “Evati Advisory”) is a wholly-owned subsidiary of Evati, Inc. Evati Advisory offers the following services to advisory clients:

A. Description of Services

Evati Advisory provides algorithm-based portfolio management services. By leveraging technology, Evati Advisory allows clients of modest means to receive professional investment advice and investment management services. Evati Advisory provides its services exclusively through its website, www.evati.com, and its mobile application (collectively, “the Platform”) and does not conduct in-person or telephonic meetings with advisory clients. Evati Advisory manages all client assets on a discretionary basis. Evati Advisory offers automated investment solutions that are customized to each client and based on individual characteristics, such as the client’s financial goals, risk tolerance, income, and net worth, among others. Evati Advisory rebalances assets under management as necessary due to market changes or changes to client needs, goals or circumstances.

Evati Advisory’s services are provided pursuant to a customer agreement. Evati Advisory clients must also enter into a separate account agreement with Evati Advisory’s designated brokerage partner, which maintains custody of client assets.

Evati Advisory participates in and sponsors a wrap fee program, which means that Evati Advisory charges clients a single portfolio management fee that includes fees charged by third parties related to the operation and maintenance of wrap fee portfolio accounts. Third-party fees that are wrapped into the investment advisory fee include, but are not limited to, brokerage account maintenance fees, custodian fees, brokerage commissions, and clearing and settlement services.

Certain other third-party 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, and other fees and taxes on brokerage accounts and securities transactions such as SEC Section 31 and FINRA transaction fees. In addition, clients may incur fees for certain services requested by clients and charged by the custodian, such as wire transfer fees, paper statement fees, overnight delivery fees, etc.

For accounts with assets below \$5,000, the portfolio management fee charged by Evati Advisory is \$1.00 per month, paid monthly in arrears. For accounts with assets of \$5,000 or more, the annual portfolio management fee charged by Evati Advisory is 0.25% of total assets under management, charged monthly in arrears. Evati Advisory uses the last trading day of the previous month for purposes of determining the market value of the assets upon which the portfolio management fee is based. These fees are negotiable depending upon the needs of the client and complexity of the situation and the final fee schedule is established by the client contract. Evati Advisory’s portfolio management fees are withdrawn directly from client accounts with authorization provided in the client contract. Because fees are charged in arrears, no refund policy is necessary. In the event

an account is terminated, the advisory fee will be pro-rated for the month in progress unless the account value is less than \$5,000 at the time of termination, in which case the fee will be \$1.00 for the month in progress.

Clients may terminate the contract without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract with ten days' written notice.

B. Contribution Cost Factors

The program may cost the client 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 the client's account, the adviser's 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

Clients who participate in the wrap fee program will not have to pay for brokerage account maintenance fees, custodian fees, brokerage commissions, or clearing and settlement services. However, as noted above, clients are still responsible for other fees, such as margin costs, charges imposed directly by a mutual fund or exchange traded fund, deferred sales charges, odd-lot differentials, transfer taxes, SEC Section 31 and FINRA transaction fees and fees for certain services requested by clients and charged by the custodian, such as wire transfer fees, paper statement fees, overnight delivery fees, etc.

D. Compensation of Client Participation

Neither Evati Advisory nor any representatives of Evati Advisory receive any additional compensation beyond advisory fees for the participation of clients in the wrap fee program. Evati Advisory offers its services exclusively through its wrap fee program.

Item 5: Account Requirements and Types of Clients

Evati Advisory generally provides advisory services to individuals. Services are limited to U.S. citizens and legal U.S. residents with certain types of visas. Customers must also maintain an account with a U.S. bank. There is no account minimum for Evati Advisory's services.

Item 6: Portfolio Manager Selection and Evaluation

A. Selecting/Reviewing Portfolio Managers

Evati Advisory utilizes certain model portfolios constructed by Morningstar Investment Management LLC. Those models are proprietary to Morningstar Investment Management and are provided to Evati Advisory pursuant to a separate agreement under which Evati Advisory pays a fee to Morningstar Investment Management. Evati Advisory is the sole portfolio manager for clients of this wrap fee program and has full discretion to invest client assets in accordance with or to deviate from the model portfolios.

Morningstar Investment Management is not acting in an advisory capacity to Evati Advisory clients.

Standards Used to Calculate Portfolio Manager Performance

Evati Advisory will use industry standards to calculate portfolio management performance.

Review of Performance Information

Neither Evati Advisory nor any third party will review portfolio management performance information to determine and verify its accuracy or compliance with presentation standards.

B. Related Persons

Evati Advisory and its personnel serve as the portfolio managers for all wrap fee program accounts. This is a conflict of interest in that no outside adviser assesses Evati Advisory's management of the wrap fee program. However, Evati Advisory addresses this conflict by acting in its clients' best interest, consistent with its fiduciary duty as sponsor and portfolio manager of the wrap fee program.

C. Advisory Business

Evati Advisory offers portfolio management services to its wrap fee program participants as discussed in Section 4 above.

Wrap Fee Portfolio Management

Evati Advisory offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Evati Advisory creates an investment policy for each client, which outlines the client's current situation (income, net worth, and risk tolerance levels) and includes a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management includes, but is not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Asset selection
- Automatic rebalancing

Evati Advisory recommends investments to each client with respect to their financial situation, risk tolerance levels, and time horizon, among other factors. Risk tolerance levels are documented and are available to each client through the Platform.

Portfolio management accounts participating in the wrap fee program will not have to pay for commissions or trading fees. Evati Advisory will charge clients one fee and pay those 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, and other fees and taxes on brokerage accounts and securities transactions such as SEC Section 31 and FINRA transaction fees. In addition, clients may incur fees for certain services requested by clients and charged by the custodian, such as wire transfer fees, paper statement fees, overnight delivery fees, etc.

Performance-Based Fees and Side-By-Side Management

Evati Advisory 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.

Services Limited to Specific Types of Investments

Evati Advisory generally limits its investment advice to ETFs. Evati Advisory may use other securities as well to help diversify a portfolio when applicable.

Client Tailored Services and Client Imposed Restrictions

Evati Advisory offers the same suite of services to all of its clients. However, specific client recommendations and their implementation are dependent upon the client investment policy which outlines each client's current situation (income, net worth, and risk tolerance levels) and is used to construct a client-specific plan to aid in the selection of a portfolio that matches a particular client's restrictions, needs, and goals.

Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

Wrap Fee Programs

Evati Advisory sponsors and acts as portfolio manager for this wrap fee program. Evati Advisory manages the investments in the wrap fee program. The fees paid to the wrap account program include a portion that will be retained by Evati Advisory as a management fee.

Amounts Under Management

Evati Advisory has the following assets under management:

Discretionary Amounts	Non-Discretionary Amounts	Date Calculated
\$2,173,890	\$0	December 31, 2019

Methods of Analysis and Investment Strategies

Evati Advisory's methods of analysis include the modern portfolio theory.

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 asset.

Evati Advisory uses long term trading.

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

Material Risks Involved

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.

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.

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

Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

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.

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.

Voting Client Proxies

Evati Advisory will neither 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

All client information material to managing the portfolio (including basic information, risk tolerance, net worth, income level, etc.) is provided to the portfolio manager. The portfolio manager will also have access to that information as it changes and is updated.

Item 8: Client Contact with Portfolio Managers

Evati Advisory provides investment advisory services exclusively through its online Platform and does not conduct in-person or telephonic meetings with clients to discuss investment advice, strategies or performance. Clients may update their goals, objectives, time horizon, risk tolerance or other personal information at any time through the Platform and Evati Advisory will update the client's investment policy accordingly. Evati Advisory will use its discretionary investment authority to make appropriate changes to the client's portfolio.

Item 9: Additional Information

A. Disciplinary Action and Other Financial Industry Activities

Criminal or Civil Actions

There are no criminal or civil actions to report.

Administrative Proceedings

There are no administrative proceedings to report.

Self-regulatory Organization Proceedings

There are no self-regulatory organization proceedings to report.

Registration as a Broker/Dealer or Broker/Dealer Representative

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

Registration as a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor

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

Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Robert M. Spalding is a lawyer. He will provide legal services exclusively to Evati Advisory and its parent, Evati, Inc. He will provide investment advisory services exclusively to Evati Advisory clients and will always act in the best interests of Evati Advisory clients when providing those investment advisory services.

Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections

Evati Advisory does not utilize or select other advisors or third-party managers. All assets are managed by Evati Advisory.

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

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.

Recommendations Involving Material Financial Interests

Evati Advisory does not recommend that clients buy or sell any security in which a related person to Evati Advisory or Evati Advisory has a material financial interest except as set forth below.

Investing Personal Money in the Same Securities as Clients

From time to time, representatives of Evati Advisory may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Evati Advisory 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. To address that conflict of interest, Evati Advisory will only permit its personnel to buy or sell such securities through the Platform and subject to the same terms, conditions, and timing applicable to all Evati Advisory accounts. Evati Advisory will document any purchase or sale transactions by its personnel 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 Evati Advisory may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Evati Advisory 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, Evati Advisory will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Robo-advisory portfolio management accounts are not regularly reviewed by Evati Advisory, save for automated allocation revisions. Clients are encouraged to update Evati Advisory of any change in their objectives, risk tolerance, or other pertinent information.

Factors That Will Trigger a Non-Periodic Review of Client Accounts

Robo-advisory portfolio management accounts do not undergo non-periodic review by Evati Advisory, allocations will change in accordance with the portfolio management software utilized by Evati Advisory and changes to the client's profile.

Content and Frequency of Regular Reports Provided to Clients

Robo-advisory portfolio management clients will receive at least monthly a written report that details the client's account including assets held and asset value, which report will come from the custodian.

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

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

Compensation to Non-Advisory Personnel for Client Referrals

Evati Advisory may compensate customers for referrals of new customers through promotions or incentive campaigns. Compensation may be paid in cash or in kind. Such campaigns are operated at Evati Advisory's sole discretion and their terms may be changed or terminated at any time.

Evati Advisory may also pay solicitors for referrals pursuant to written agreements.

Balance Sheet

Evati Advisory does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

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

Bankruptcy Petitions in Previous Ten Years

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