



Elevated Principles Inc. dba Loved

## **Wrap Fee Program Brochure**

2021 Fillmore Street, #85  
San Francisco, CA 94115

[www.loved.com](http://www.loved.com)

February 2, 2021

### **Item 1: Cover Page**

This brochure provides information about the qualifications and business practices of Elevated Principles Inc. If you have any questions about the contents of this brochure, please contact us at (888) 812-2272 or by email at: [info@loved.com](mailto:info@loved.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 does not imply a certain level of skill or training. Additional information about Elevated Principles Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Elevated Principles Inc. dba Loved  
2021 Fillmore Street, #85, San Francisco CA 94115



## Item 2: Material Changes

We are required to inform you of material changes we have made to our Wrap Fee Brochure since our last annual update.

We initially provide you with a copy of our Wrap Fee Brochure when we enter into an agreement with you. On an annual basis, we will provide you with a Summary of Material Changes within 120 days of our fiscal year end. In the alternative, we may choose to provide you with a complete copy of our brochure.

Since our last annual update of March 13, 2020, we have made the following material changes:

- We now offer individual brokerage accounts in addition to custodial accounts, as outlined in Item 4.
- We reduced our minimum account requirement from \$5 to \$1 in Item 5.
- We modified Item 6.C., *Client Tailored Services and Client Imposed Restrictions*, and Item 9.B., *Frequency and Nature of Periodic Reviews and Who Makes Those Reviews*, to clarify that we do not provide any target allocations or ongoing monitoring. Clients have the sole discretion in making investment decisions and sole responsibility for monitoring their accounts.

In addition, we have made minor changes to provide clarification and additional information regarding our services, but we do not consider these changes material.

As of December 31, 2020, we manage \$3,940,024 in assets on a non-discretionary basis.

You may request a current copy of our Wrap Fee Brochure at any time without charge by contacting us at (888) 812-2272 or by email at: [info@loved.com](mailto:info@loved.com).

You may also obtain a copy of our current Wrap Fee Brochure at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



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## Item 4: Services Fees and Compensation

Elevated Principles Inc. (hereinafter “EP”) offers the following services to advisory clients:

### Description of Services

EP offers its clients a digital interfacing financial advisory service and sponsors a wrap fee program. This allows EP to manage its clients’ accounts each for no cost to the client, that includes non-discretionary advisory services, clearing, custody and reporting, and brokerage costs. Clients access the service via a mobile application.

Through the mobile application, clients are able to establish individual brokerage accounts and custodial accounts under the Uniform Gifts to Minors Act (“UGMA”) or the Uniform Transfers to Minors Act (“UTMA”) for the benefit of any minor. Clients are responsible for directing investments through the mobile application by considering the recommendations generated by the mobile application and selecting investments for the account.

Transactions are executed by Apex Clearing Corporation as the broker/dealer. All accounts are custodied with Apex Clearing Corporation.

EP has been in operation since July 2017. David William Hannes is a majority owner, and PivotNorth Fund III, L.P. is a minority owner.

Clients	Fees
All	Zero

These fees are non-negotiable.

Clients may terminate the contract at any time.

### Other Account Fees

Clients who participate in the wrap fee program will not have to pay for transaction or trading fees. However, clients are still responsible for all other account fees, such as transition fees if the account is moved to another broker, or mutual fund fees.

### Compensation for Client Participation

Neither EP, nor any representatives of EP receive any additional compensation for the participation of clients in the wrap fee program.



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

EP generally provides its wrap fee program services to individuals, but does not restrict its offering to specific types of clients. There is an account minimum of \$1, which may be waived by EP in its discretion.

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

### **Selecting/Reviewing Portfolio Managers**

EP will not select any outside portfolio managers for management of this wrap fee program. EP will be the sole portfolio manager for this wrap fee program.

#### ***Standards Used to Calculate Portfolio Manager Performance***

EP will use industry standards to calculate portfolio manager performance.

#### ***Review of Performance Information***

EP reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is reviewed quarterly and is reviewed by EP.

### **Related Persons**

No related persons act as a portfolio manager for the wrap fee program as described in this brochure. As such, there are no conflicts of interest with related persons and EP will not select any related persons as portfolio managers for this wrap fee program.

### **Advisory Business**

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

#### ***Wrap Fee Portfolio Management***

EP provides “robo-advisory” portfolio management services via an online interface. This entails the use of algorithm-based portfolio management advice, rather than in-person investment advice. These automated investment solutions are customized to each client and based on individual characteristics, such as the client’s age, risk tolerance, income, and current assets, among others.



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

EP 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***

EP generally limits its investment advice to a curated selection of stocks and ETFs.

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

EP provides online “robo-advisory” portfolio management. Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

## ***Wrap Fee Programs***

EP sponsors and acts as portfolio manager for this wrap fee program. EP manages the investments in the wrap fee program.

## ***Amounts Under Management***

EP has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$0	\$3,940,024	December 31, 2020

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

EP’s methods of analysis include 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 assets.


EP 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. 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.


**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.

**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.



**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***

EP 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**

EP is the portfolio manager for this wrap fee program. All client information that is collected, including basic information, risk tolerance, sophistication level, and income level will be collected by EP. As that information changes and is updated, EP will have immediate access to that information once collected.

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

Clients use an online interface to provide an edit investment profile and other information, rather than interfacing directly with the portfolio manager.

## **Item 9: Additional Information**

### **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 EP 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 a Commodity Trading Advisor***

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

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

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

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

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

### ***Affiliated organizations***

EP relies on the technology solutions of Sprout for the future Pty Ltd, a related organization of EP, to provide advisory services to its clients. All assets are managed by EP management.

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

### ***Code of Ethics***

EP has 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***

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



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

From time to time, representatives of EP may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of EP 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. EP 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 EP may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of EP 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, EP 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 reviewed by EP.

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

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

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

Clients will receive at least quarterly a report accessible online, including assets held and asset value.

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

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



### ***Compensation to Non – Advisory Personnel for Client Referrals***

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

### ***Balance Sheet***

EP 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 EP 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***

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