

# **Ellevest, Inc. d/b/a: Ellevest**

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## **PART 2A WRAP FEE PROGRAM BROCHURE**

This wrap fee program brochure provides information about the qualifications and business practices of Ellevest, Inc. ("Ellevest"), a registered investment adviser. Registration does not imply a certain level of skill or training. If you have any questions about the contents of this Brochure, please contact us at [support@ellevest.com](mailto:support@ellevest.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

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

## **Item 2 Summary of Material Changes**

Ellevest's last amendment to its Wrap Fee Program Brochure was on March 29, 2021. The following material changes have been made to the Brochure since the last update:

- Our address has changed to 228 Park Avenue S, PMB 94934, New York, NY 10003-1502.
- We have updated disclosures regarding our referral programs involving Lemonade and Policy Genius. For additional information, refer to Item 10.

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## Item 4 Advisory Firm Description

Ellevest, Inc. ("Ellevest") is a Securities and Exchange Commission ("SEC") registered investment adviser dedicated to helping women plan for and invest to close the gender investment gap. Founded in November 2014, the Firm is led by Sallie L. Krawcheck, CEO.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to Ellevest and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

### **Ellevest Digital, Ellevest Premium & Ellevest Membership Services Programs**

Ellevest offers three distinct wrap programs to clients: the Ellevest Digital Wrap Fee Program ("Ellevest Digital"), the Ellevest Premium Wrap Fee Program ("Ellevest Premium"), and the Ellevest Membership Services Program, ("Membership Services Program") (collectively, the "Programs"). Each Program includes discretionary investment advisory management services sponsored by Ellevest. The investment advisory services provided through each Program includes personalized investment plans and portfolios tailored to the unique needs of women and men.

### **Ellevest Digital**

Ellevest Digital is offered online through the firm's website, [www.ellevest.com](http://www.ellevest.com), and through its mobile application. Clients will provide information about themselves and their investment goals. This will allow Ellevest to create a customized client investment plan. In doing so, Ellevest will consider the client's assets, her financial goals, her time horizon, investment strategy, and earnings power in a range of economic scenarios. Ellevest will then propose an investment plan to her which includes savings, funding, timeline, and asset allocation recommendations, as well as a diversified portfolio that may include exchange-traded funds ("ETFs") and/or mutual funds and cash equivalents. The investment plan created by Ellevest for each client is based solely upon the information provided by the client. As such, the suitability of the investment plan recommendations is limited by and relies on the accuracy and completeness of the information provided by the client.

A client that elects to implement Ellevest's recommended investment plan and have her portfolio managed on an ongoing basis through the Ellevest Digital program must enter into an advisory agreement with Ellevest and open a securities brokerage account and complete an account agreement with Folio Investments, Inc. ("Folio"), a SEC-registered broker dealer that provides execution, clearing, custody, and other brokerage related services to clients within the Ellevest Digital Program.

### **Ellevest Premium**

Ellevest Premium includes the services as described above for Ellevest Digital, plus the following consultation

services unrelated to securities and therefore, non-investment in nature: 1. Access to an Ellevest Certified Financial Planner ("CFP®") by telephone or email for guidance regarding topics such as new home purchase, debt management, or preparing to start a family.

The non-investment advisory services offered through Ellevest Premium are designed to serve clients who have general financial planning and career planning questions. Our services are based on client questions and consultation needs and obtained by scheduling an appointment to speak via telephone with an Ellevest financial planner or career coach to discuss the relevant matter. Since the intent of these non-advisory services is to provide the client with general, real-time responses to their non-

securities related financial planning and career planning questions in selected areas, we will not be able to gather detailed information or conduct detailed analyses about the client's personal situation to tailor our guidance for such services.

### **Ellevest Membership Services Program**

Ellevest's Membership Services Program comprises of three distinct membership tiers, each offering Ellevest's investment advisory services in a wrap fee program. The client elects the membership tier that is most appropriate for her needs. The investment advisory services, as well as any other services included in each membership tier, are described in more detail as follows:

- **Membership Tier Level One (Ellevest Essential).** This tier is intended for clients who are new to saving and investing. It includes access to Ellevest's investment advisory services through the "Build Wealth" goal, and access to a "members only" content and education area. Ellevest's planning and money coaching services, are offered for an additional discounted fee.
- **Membership Tier Level Two (Ellevest Plus).** This tier is for clients who would like guidance for investing and savings. Clients at this level have access to Ellevest's investment advisory services through the "Build Wealth" and "Retirement" goals and a "members only" content and education area. Ellevest's planning and money coaching services, are offered for an additional discounted fee.
- **Membership Tier Level Three (Ellevest Executive).** This tier supports clients with multi-investment investment advisory goal needs. Clients may elect from Ellevest's "Build Wealth", "Retirement", "Home", "Splurge" or "Kids" investment goals. Members have access to a "members-only" content and education area. Ellevest's planning and money coaching services, are offered for an additional discounted fee.

### **Description of Services Provided within Ellevest Membership Tiers**

#### *Ellevest Investment Advisory Service for Goals Based Investment Advice*

Ellevest's investment advisory services are offered online through the firm's website, [www.ellevest.com](http://www.ellevest.com), and through its mobile application. Clients will provide information about themselves for Ellevest to deliver investment advice towards their respective goal(s) ("Build Wealth", "Retirement", "Home", "Splurge" or "Kids"). This will allow Ellevest to create a customized client investment plan for the specific goal. In doing so, Ellevest will consider the client's assets, her financial goal(s), her time horizon, investment strategy and earnings power in a range of economic scenarios. Ellevest will then propose an investment plan to her which includes savings, funding, timeline and asset allocation recommendations, as well as a diversified portfolio that may include exchange traded funds ("ETFs") and/or mutual funds and cash equivalents. The investment plan created by Ellevest for each client is based solely upon the information provided by the client. As such, the suitability of the investment plan recommendations is limited by and relies on the accuracy and completeness of the information provided by the client.

A client who elects to implement Ellevest's recommended investment plan and have her portfolio managed on an ongoing basis through the Ellevest Investment Advisory program must enter into an advisory agreement with Ellevest and open a securities brokerage account and complete an account agreement with Folio to provide execution, clearing, custody, and other brokerage-related services. Clients who want to roll over or transfer their retirement plan assets to Ellevest for management would need to do so through the Ellevest Plus or Ellevest Executive Membership services. Ellevest will no longer support retirement rollover or transfer to the Ellevest Digital or Ellevest Premium service.

## **Description of Services Provided Separately: Financial Planning and Money Coaching**

### **Financial Planning**

Ellevest offers its financial planning and money coaching services, separately from its Ellevest Digital, Ellevest Premium, and Ellevest Membership Services, to clients for an additional fee. Ellevest Membership Services clients have access to these services for a discounted fee. Depending on the session selected, clients will have webinar or one-on-one access to an Ellevest Money Coach or Certified Financial Planner ("CFP®") for guidance regarding topics such as budgeting, debt management, general investing topics, and homebuying. Additional session options with a Certified Financial Planner ("CFP®") include financial planning, retirement goal planning, and a review of investment accounts held outside of Ellevest.

*Implementing Ellevest's Financial Planning Guidance:* It is the client's responsibility to determine if and how the guidance delivered in connection with Ellevest's financial planning consulting service should be implemented or otherwise followed. Clients should carefully consider all relevant factors in making these decisions, and we encourage clients to consult with their outside professional advisers such as legal counsel, accountant, or tax professional regarding the legal or tax implications of a particular financial planning recommendation, strategy, or investment before implementation of such strategy. Neither Ellevest nor its employees or representatives provide tax or legal advice, and our financial planning consulting services are not intended to provide nor should be construed as providing such advice.

### **Investment Services**

For clients who do not participate in the Ellevest Digital, Ellevest Premium, and Ellevest Membership Services Programs described above, Ellevest also offers fee-based discretionary investment advisory management services tailored to the unique needs of women. Ellevest's Private Wealth Management (PWM) advisory services are provided to higher net worth individual investors, trusts, foundations and other institutional investors. Ellevest specializes in managing client assets while seeking to reduce fees, current taxes, and investment risk through diversification. Ellevest does not engage in market timing, make active bets on certain asset or sector classes, or time the selection of individual securities for the purpose of pursuing excess returns.

To participate in Ellevest's investment advisory services, clients will provide information on their financial goals, ability to take on risk, investment time horizon, liquidity needs and other relevant information. Based on the information provided by the client, Ellevest's Chief Investment Officer and Financial Advisors or their designees will work together to create an investment plan considering the client's needs and objectives. A client that elects to implement Ellevest's recommended investment plan will have her assets managed on a discretionary basis, subject to any limitations imposed by the client.

### **Investment Discretion**

Ellevest has discretionary authority to manage assets on behalf of clients who participate in the Programs as described above. Discretionary trading authority permits Ellevest to make trades in client accounts on their behalf, so that we may promptly implement the investment plan that we created for clients and make ongoing changes as we believe appropriate. Those changes may include periodic rebalancing of asset classes when one or more asset classes have significantly increased or decreased in value. However, due to differences in how exchange traded funds and mutual funds are traded and settle, there may be additional transition time or transactions needed to effect the portfolio best suited for the client's goal.

## Assets Under Management

Ellevest has the following assets under management:

Discretionary Amounts	Non-Discretionary Amounts	Date Calculated
\$1,434,750,897	0	1/31/2022

## Item 5 Services, Fees, and Compensation

### FEES

Program Fees vary as outlined below. Clients decide how to utilize Ellevest's services based on their unique needs and circumstances. Ellevest reserves the right to negotiate different fees for certain clients than what is specified below. Negotiated fees may differ based on factors including but not limited to the type and size of the account, the historical and/or expected size and number of trades for the account and the client related services to be provided to the client.

### Ellevest Digital and Ellevest Premium

Program	Program fee
Ellevest Digital	25 basis points (0.25%) per year of assets under management. No minimum balance
Ellevest Premium	50 basis points (0.50%) per year of assets under management. \$50,000 minimum aggregate account balance required.

### Ellevest Digital

Under Ellevest Digital, clients will pay a single asset-based fee for brokerage, custodial, and investment advisory services ("Digital Program Fee"). There is no fee for the investment plan or cash balances held in the Ellevest Digital Program's Emergency Fund goal.

The Digital Program Fee is:

- 25 basis points (0.25% per year of assets under management, with no minimum balance.

The Digital Program Fee is prorated and charged monthly, in arrears, based upon the market value of the average daily account balance of the securities portfolio over the preceding month. Since the asset-based fee is determined by average daily account balance, if assets are deposited into or withdrawn from an account after the inception of a month, the base fee payable with respect to such assets is adjusted accordingly. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the Client Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding portion of the fee is charged to the client.

### Ellevest Premium

For Ellevest Premium, clients will pay a single asset-based fee for brokerage, custodial, investment advisory and certain non-securities related services (financial planning guidance) ("Premium Program Fee"). There is no fee for the investment plan or cash balances held in the Ellevest Premium Program's Emergency Fund goal.

The Premium Program Fee is:

- 50 basis points (0.50%) per year of assets under management with a \$50,000 minimum aggregate account balance.

The Premium Program Fee is prorated and charged monthly, in arrears, based upon the market value of the average daily account balance of the securities portfolio over the preceding month. Since the asset-based fee is determined by average daily account balance, if assets are deposited into or withdrawn from an account after the inception of a month, the base fee payable with respect to such assets is adjusted accordingly. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the Client Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding portion of the fee is charged to the client.

### Membership Services Program

Clients pay a single Membership Services Program fee, the cost of which depends upon the membership tier selected. The Membership Fee covers the cost of all advisory services (inclusive of brokerage and custody services), and access to a "members only" content and education area, regardless of whether the client elects to utilize any or all of the services available. Ellevest's financial planning and money coaching services are offered for an additional discounted fee.

The client will be billed in advance on a recurring and periodic basis ("Billing Cycle"). Billing Cycles are set on a regular basis, typically monthly or yearly. The client's initial Membership Services Program fee will be assessed by Ellevest's designated Program third party billing provider (Recurly) after the client's Payment Method has been verified ("the Initial Charge"). Thereafter, the Payment Method will be charged the then-current applicable rate (including all applicable taxes and fees) on the anniversary date of the date that the client acknowledged the Ellevest Membership Services Terms and Conditions agreement ("the Billing Date"), based on the Billing Cycle. The Payment Method will automatically be charged at the then-current applicable rate until the client cancels the service. The client may cancel the Membership Services Program before their next Billing Cycle in accordance with these terms, but payments are nonrefundable and there are no refunds or credits for partially used periods. If a payment is not successfully settled, due to expiration, insufficient funds, lack of verification, or otherwise, we may suspend your access to the service until we have successfully charged a valid Payment Method for the uncollected amount. The client remains responsible for any uncollected amounts.

Membership Tier	Services & Benefits Included	Monthly Membership Fee
Ellevest Essential (Level One)	<ul style="list-style-type: none"><li>• Investing (access to the Ellevest Build Wealth goal)</li><li>• 20% off financial planning &amp; money coaching services</li><li>• Access to a "members only" content and education area</li></ul>	\$1/month
Ellevest Plus (Level Two)	<ul style="list-style-type: none"><li>• Investing (access to the Ellevest Build Wealth and Retirement goals)</li><li>• Retirement planning, rollover, and transfer support</li></ul>	\$5/month



	<ul style="list-style-type: none"> <li>• 30% off financial planning &amp; money coaching services</li> <li>• Access to a "members only" content and education area</li> </ul>	
Ellevest Executive (Level Three)	<ul style="list-style-type: none"> <li>• Investing (Access to the Ellevest Build Wealth, Retirement, Kids, Splurge, Business, and Home goals)</li> <li>• Retirement planning, rollover, and transfer support</li> <li>• 50% off financial planning &amp; money coaching</li> <li>• Access to a "members only" content and education area</li> </ul>	\$9/month

Annual Membership fees for Ellevest Plus (Level Two) and Ellevest Executive (Level Three) are offered at discounted rates.

### **Financial Planning**

Fees for Ellevest Financial Planning and money coaching consulting services vary depending on the session selected. Further information on the sessions, related fees, and discounts available for Membership Service Program clients can be obtained from Ellevest.

### **Fee Comparison**

As described above, a portion of the Program Fee is used to cover the securities brokerage commissions attributed to the management of Ellevest's clients' portfolios. Transaction charges, the cost of purchasing the security, varies based on the type of transaction (e.g. mutual fund, equity or fixed income security). The number of transactions made in clients' accounts, as well as the commissions charged for each transaction, determines the relative cost of the service versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Services provided through the Programs may cost clients more or less than purchasing these services separately. Program fees may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

Since transaction charges are included in the Program fee, there is a financial incentive for Ellevest not to place transactions in the client's account, or to place such trades less frequently. Clients should understand that the cost to Ellevest for transaction charges may be a factor that Ellevest considers when deciding which securities to select, how frequently to place transactions and the level of advisory fee to charge the client. A wrap fee account may not be in the best interest of a client with minimal or no trading activity as compared to a non-wrap fee account or brokerage account where the client would otherwise pay trading costs as incurred, but a lower fee in a non-wrap account or no advisory fee in a brokerage account.

### **Fee Discretion**

The Program Fee is negotiable. Ellevest in its sole discretion may from time to time offer lower fees through promotions, referrals and other discounts to some accounts that differ from the fees stated above.

### **Other Fees**

In addition to the Ellevest Program fee, clients may incur certain other fees imposed by third party financial institutions. These additional fees and charges may include:

**Brokerage, Clearing and Service Provider Charges:** Ellevest's fees do not cover charges imposed by the broker dealer (the firm through which we arrange for securities transactions to occur). These fees include, but are not limited to, service fees, IRA fees, ETF and mutual fund fees including sales loads and other operating expenses on a fund. 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 Ellevest for its services in connection with these investments and management and 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.

Other Charges: Ellevest's fees does not cover wire transfer fees and taxes, paper statement fees, bounced checks fees, ACH clawback fees due to failed electronic funds transfer, margin extension fees, safekeeping fees, termination fees and early redemption penalties.

#### Direct Fee Debit of Ellevest's Fee

Program clients authorize Ellevest, the designated Program third party billing provider, or the Program custodian to deduct the Ellevest Program fee directly from their brokerage, bank, debit or credit accounts and pay such fees to Ellevest.

In the case of Ellevest Digital and Ellevest Premium clients, the custodian will deduct Ellevest's fees. For Ellevest Membership clients, the third party billing provider will deduct Ellevest's fees. For all Program services, the custodian will send statements to clients not less frequently than quarterly, detailing all advisory account transactions. It is the client's responsibility to verify the accuracy of fee calculation and any advisory account transactions stated.

#### Account Additions and Withdrawals

Clients may make additions to and withdrawals from their Program account at any time subject to Ellevest's right to terminate the client's account. Additions may be made in cash (check, wire, direct deposit and bill pay), IRA or brokerage transfer via ACATS or via Automatic Clearing House ("ACH") transaction from the client's linked checking or savings account. All ACH transactions are subject to a minimum two business day processing period, not including the day the funds arrive, to ensure that the funds have fully settled and are available for investment. Deposited funds will not be invested until after completion of this processing period. For IRA or brokerage transfers, addition of securities is subject to Folio's ability to custody and Ellevest's ability to give direction to trade. Once securities have been transferred, those securities that are not appropriate for the creation of an Ellevest diversified portfolio will be sold. Program clients may withdraw account assets on notice to Ellevest, subject to the usual and customary securities settlement procedures. However, Ellevest designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Clients are advised that when cash or certain securities are withdrawn, they may be subject to transaction fees. Additionally, in taxable accounts, transactions to sell a security may cause adverse tax consequences. Clients should consult with their tax professionals prior to initiating such sale to understand any tax related ramifications.

#### Claw back of Funds

When clients deposit funds in their account with Folio for the purchase of securities in connection with one or more of their chosen goals, (collectively, "Purchase Funds"), Ellevest will instruct Folio to invest these Purchase Funds subject to the processing period. Should the client have insufficient Purchase Funds in the bank or other account that serves as the funding source for the purchase of securities in their account ("Funding Account"), the bank or other financial institution that maintains this Funding Account ("Funding Bank") may request the return of all or a portion of these Purchase Funds (a so-called "Clawback"). In this instance, the client will direct Ellevest to instruct Folio to sell those securities acquired with the Purchased Funds ("Purchased Securities") necessary to effectuate the Clawback ("Clawback Amount"). Further the client directs Ellevest to instruct Folio to allocate any gain from the sale of the Purchased Securities exceeding the Clawback Amount to the client's account for continued investment ("Clawback Gain"). Under no circumstances, does the client direct or otherwise authorize

Ellevest to instruct Folio to transfer the Clawback Amount or Clawback Gain to herself, the Funding Bank or any other person. Consequently, Ellevest will not have custody or possession of any of the client's funds or securities in connection with the Clawback.

Notwithstanding the foregoing, the client should understand that, depending on market conditions, the sale of Purchased Securities may not be sufficient to satisfy the Clawback Amount ("Clawback Loss"). In this instance, the client authorizes Ellevest to determine those additional securities and other investments in her account that must be sold to eliminate the Clawback loss ("Clawback Assets") and instruct Folio to liquidate the Clawback Assets, without prior notice to herself. Liquidation of the Clawback Assets, generally, will be made as follows: First from any remaining cash in the client's account, next from any remaining cash equivalents, and finally from the liquidation of securities. In the event the sale of Clawback Assets are insufficient to cover the Clawback loss and Ellevest is obligated to reimburse Folio for any remaining Clawback amount out of its own resources, Ellevest reserves the right to pursue other legal remedies against the client if there is insufficient value from the sale of the securities in the client's account to return the funds that are clawed back from the client's bank.

## **Item 6 Account Requirements and Types of Clients**

The Programs are offered to individuals. All programs are tailored to the unique needs of women and men.

- Participation in Ellevest Digital and the Membership services Programs do not require that you make a minimum deposit or that you maintain a minimum account balance in your account. However, advisory assets that are less than the greater of \$1 or the portfolio specific minimum balance (which may fluctuate from time to time but can range from \$1 to approximately \$240), will not receive the complete asset allocation intended until sufficient contributions are received to reach the minimum account balance threshold and invested when reasonable to do so, at Ellevest's sole discretion.
- Ellevest Premium has a minimum account size of \$50,000, subject to reduction at Ellevest's sole discretion.

## **Item 7 Portfolio Manager Selection and Evaluation**

Ellevest is the sponsor and sole portfolio manager for the Ellevest Digital, Ellevest Premium and Ellevest Membership services. Ellevest's Chief Investment Officer oversees and is responsible for the investment advice offered in each Program.

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

#### **Investment Strategy**

The Firm offers two sets of globally diversified investment portfolios under the Programs that are personalized to a client's goal, time horizon, current financial assets, and earnings power. Clients may elect to implement an Ellevest impact portfolio or a traditional portfolio.

#### **Impact Investments**

Impact Investments are designed to capture investment returns associated with gender diversity, women's leadership and advancement, high environmental and governance standards, and social impact. Investment returns from strategies with a designated focus, or strategies that exclude certain sectors of the market may differ from general market returns. For example, an investment strategy that excludes fossil fuels will not participate in the returns from fossil fuel investments, which are usually included as part of a general investment strategy intended to generate market returns.

**Ellevest Impact Portfolio**

An Ellevest Impact Portfolio is a globally diversified portfolio of mutual funds and ETFs comprised of both impact and non-impact investments. The proportion of impact investments in an Ellevest Impact Portfolio varies and is based upon the portfolio Ellevest recommends for each client based upon her goal, time horizon, current financial assets, and earnings power. Due to the lack of suitable impact investments in all asset classes, no Impact Portfolio is comprised exclusively of impact investments. Additional impact investments may be added to Ellevest Impact Portfolios as suitable investments become available.

**Ellevest Core Portfolio**

An Ellevest Core Portfolio is a globally diversified portfolio of low-cost ETFs. Core Portfolios do not hold impact investments as defined above.

Management through Similarly Managed "Model" Accounts. Ellevest manages Program accounts through the use of similarly managed "model" portfolios, whereby the Firm, depending on whether the client selects an impact or traditional portfolio, allocates all or a portion of its clients' assets among ETFs, mutual funds and cash equivalents on a discretionary basis using one or more of its proprietary investment strategies. To implement its investment strategies and to manage client accounts, the firm has developed a set of algorithms which drive portfolio and savings recommendations, as well as rebalancing. For each goal, Ellevest invests in portfolios of ETFs and/or mutual funds. Through the automated program clients may change the horizon of their goal, which will likely result in a different portfolio allocation and holdings. In general, choosing a shorter horizon will result in a more conservative portfolio, and choosing a longer horizon will result in a more aggressive portfolio. Ellevest allows only limited adjustment because it believes its automated program creates an investment plan that is best suited for the client, based on her goals.

Ellevest has developed proprietary algorithms to automatically monitor and manage digital accounts as well as processes and reports that help identify client accounts which may need rebalancing and/or other investment consideration. Such consideration may require manual management and action by Ellevest personnel.

**Methods of Analysis**

To effect the investment strategy selected by the client, the Firm has developed a set of algorithms that determine the underlying recommendations, including the selection of appropriate portfolios, for each client's goal. The algorithms are also used to manage and monitor each client's account and goals.

Ellevest does not engage in general market-timing, or specific timing of economic cycles, asset or sector classes, or individual securities. Ellevest's primary approach is a strategic asset allocation aimed at reducing over-all portfolio risk through diversification. The asset allocations are based upon tenets of modern portfolio theory and liability relative optimization and are integrated into Ellevest's algorithms. Such an approach considers the client's stated financial goal and is based upon assumptions about future economic factors such as inflation, interest rates, and the risk and return characteristics of asset classes and their correlations. This is effected, depending on the investment preference elected by the client, through the use of ETFs and/or mutual funds and cash equivalents. Such assets are all subject to varying degrees of investment, market, credit, interest rate, and regulatory risks. Moreover, clients should be aware that diversification does not ensure a profit or protect against a loss in a declining market. There is no guarantee that any particular asset allocation or mix of funds will meet their investment objectives or provide a given level of income or return.

**Forecasts.** Ellevest Digital and Ellevest Premium offers forecasts or projections of investment outcomes in its investment plans. Forecasts are estimates only, based upon numerous assumptions about future capital markets returns and economic factors such as interest rates and inflation, a client's salary growth and savings rates, the value of social security benefits, as well as information supplied by a client. As estimates, they are imprecise and hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Additionally, they are subject to change over time with updates to our algorithm or underlying assumptions and may be materially impacted by a client's failure to update their personal and financial information.

**Rebalancing and Ongoing Management.** To participate in the Programs, clients must agree to have their accounts automatically rebalanced periodically at Ellevest's discretion to the model strategy. However, Ellevest's ability to rebalance a client's portfolio will be constrained and a rebalance will not occur until the client has the portfolio specific minimum account balance necessary to generate the required shares. This minimum is a function of account balance and share price of individual holdings may fluctuate from time to time. In addition, as part of our ongoing portfolio management process, Ellevest will determine, at least annually, how the Client's allocation should be adjusted as the time horizon of the goal approaches and will automatically rebalance the Client's allocation to a new model strategy if needed. This is commonly referred to as a glide path. Further, paid dividends that accrue in your investment goal portfolio will be used for rebalancing when the portfolio drifts outside of allowed thresholds.

When transacting, Ellevest will sell shares with the largest losses first, and largest gains last, regardless of long or short-term tax status. While the Firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. As a consequence of rebalancing, clients may incur potentially adverse tax consequences.

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

Ellevest does not charge performance-based fees (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

#### **Voting of Client Securities**

Ellevest does not vote proxies on behalf of clients or advise clients regarding voting proxies for securities held in the Programs. Clients are expected to vote their proxies and will receive proxies directly from Folio.

#### **Risk of Loss**

Investing in financial markets involves risk, including the potential loss of principal. This is a risk borne by the client. Ellevest constructs portfolios with allocations across multiple asset categories. This asset category diversification is intended to reduce the volatility in a client's investment portfolio when compared to a single asset category, such as large cap growth stocks. While a diversified investment portfolio, including a portfolio of investment products representing different asset categories, can mitigate some risks, it does not and cannot prevent possible loss. The performance of Ellevest's recommendations and/or investment decisions depend upon market movements and the combination of asset classes selected by Ellevest. There can be no assurance that a client will achieve her goals or positive investment performance over any period of time.

While it is not possible to enumerate all possible risks, below are some of the common factors that can produce a loss in a client's account and/or in a specific investment product, asset category or even in all asset categories.

- **Market Risk:** The price of a security, bond, or mutual fund and/or exchange-traded fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Price Volatility:** The price of an investment product's shares may fluctuate, even significantly, in a short period of time.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Category or Style Risk:** During various periods of time, one category or style may underperform or outperform other categories and styles.
- **Tracking Risk:** Ellevest's traditional portfolios are designed to capture general market returns using low-cost ETFs. Ellevest's Impact Portfolios may exclude, overweight, or underweight some sectors of the market, which may result in investment returns different from general market returns.
- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline, and the market value of any mutual fund and/or exchange-traded fund holding those bonds.
- **Inflation Risk:** When any type of inflation is present, purchasing power may be eroding at the rate of inflation.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.

In addition, investments for the Programs may focus on certain market sectors or classes of securities and carry additional risks. For example, clients should be aware of the following:

- Equity strategies, including investing in individual companies, involve investments in common stocks and are subject to the volatility and individual risks associated with those stocks;
- Exchange Traded Funds (ETF) are designed to track the performance of a benchmark index. Shareholders are subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent net asset value ("NAV"), which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares. Also, shareholders are liable for taxes on any fund-level capital gains, as ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.
- Real estate investment trusts or funds are subject to risks of the specific commercial or housing market in which the assets are invested, as well as interest rate risk;
- Small Cap and Emerging Market securities tend to be more volatile relative to the overall market;
- Bonds may "guarantee" return of principal if held to maturity, but any guarantee remains subject to the creditworthiness of the guarantor and, prior to maturity, the bond remains subject to interest rate, inflation and credit risks;

- Bond funds of all types are subject to the various risks of the underlying fixed income instruments in the fund, and there is no fixed maturity date;
- High Yield bonds expose the investor to investments in lower credit quality securities and hence risk of default and higher volatility;
- Tax-Exempt bonds may or may not provide returns higher than the after-tax returns of taxable bonds, so clients should consider their tax bracket and state of residence;
- International/Global/Foreign securities expose the investor to currency risk and political, social and economic risks of the countries in which the securities are domiciled, in addition to the equity or debt nature of the securities involved.

## **Item 8 Client Information Provided to Portfolio Managers**

Ellevest acts as the sole portfolio manager under the Program and, as such, the Firm does not share client information with any other portfolio managers to deliver investment advice to client accounts.

## **Item 9 Client Contact with Portfolio Managers**

The Programs offer advisory services provided through an automated interactive web-based platform. Ellevest collects information about the client's financial circumstances, goals, and objectives through this platform to offer an appropriate Investment Plan for the client's needs. Since no investment advice is provided from direct client contact with portfolio managers, clients should update their information on the platform if their financial condition changes so that they may review any recommended alternative investment advice via the platform. Ellevest relies upon the accuracy of the information entered by the client when proposing an Investment Plan. The Investment Plan may not be suitable if the client has provided incorrect or out-of-date information.

Information regarding a client's portfolio holdings and tracking to goal will be available to clients through Ellevest's platform. Clients may contact Ellevest by phone or email during its business hours with questions about the service or service functionality.

## **Item 10 Additional Information**

### **Disciplinary Information**

Ellevest has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

### **Other Financial Industry Activities and Affiliations**

#### *Impax Asset Management*

Sallie Krawcheck serves as a consultant to Impax Asset Management ("Impax"). Impax owns and controls the Pax Ellevest Global Women's Leadership Fund ("Pax Fund"). The Pax Fund is a mutual fund that invests in global companies highly ranked for advancing women. Where suitable and appropriate Ellevest may invest the assets of clients who have expressed an affirmative interest in investments designed to advance women's leadership, into the Pax Fund.

As part of her consulting services, Ms. Krawcheck will provide Impax with strategic advice and direction, marketing strategy and thought leadership and will devote only such time to such services as is reasonably necessary to perform them. Her services will not include; (a) advice and assistance with respect to the sale or distribution of the Pax Fund shares; (b) advice with respect to purchase, sale or retention of securities on behalf of the Pax Fund or for any investment advisory client of the Pax Fund;

and (c) she will not directly promote the sale of the Pax Fund to any advisory client of the Fund. Due to the foregoing limitations in her consulting arrangement with Impax, her service to Impax is not expected to conflict with her obligations to Ellevest.

#### *Ellevest Network*

Sallie Krawcheck is Chair and majority owner of Ellevest Network (the "Network"), a global professional women's network dedicated to helping women connect, learn and invest to promote economic engagement of women worldwide. The Network may from time to time, solicit and make promotional offers to its membership to utilize Ellevest services in exchange for cash payment from Ellevest for referrals of Ellevest members who subsequently become Ellevest clients.

#### *SimplySmart Asset Management and Grinnell College*

The Firm's Chief Investment Officer, Sylvia Shiu Han Kwan, is the Chief Investment Officer and majority owner of SimplySmart Asset Management ("SimplySmart"), a California registered investment adviser. Ms. Kwan works full-time at Ellevest. Although her duties at SimplySmart include business and portfolio management, her service to SimplySmart is not expected to conflict with her obligations to Ellevest. Additionally, Ms. Kwan is a member of Exit 182 Group LLC (formerly the Investment Committee) of Grinnell College where she shares responsibility for fiduciary oversight of the College's endowment. These activities do not conflict with her obligations to Ellevest.

#### *Morningstar, Inc.*

Morningstar, Inc. ("Morningstar") has a minority equity interest in the Firm. Ellevest has separately engaged Morningstar to provide certain services, including its wealth forecast estimators and consultation regarding the make-up of the portfolios (including specific ETFs included in client portfolios). Morningstar's ownership interest in Ellevest may create the appearance of a conflict of interest. However, Ellevest will use Morningstar's services if it is in the best interest of clients. Further, Morningstar has no control over Ellevest's investment decision making process.

#### *Lemonade*

Ellevest is a paid partner of Lemonade Insurance Agency, LLC ("LIA"), a licensed insurance agency providing quotes and policies for Lemonade Insurance Company ("LIC"). Insurance is provided by LIC. LIA receives compensation based on the premiums for the insurance policies it sells. Products may not be available in all states.

Ellevest receives from LIA, marketing promotional compensation to recommend Lemonade's services. This marketing partnership gives Ellevest an incentive to refer individuals to this partner instead of a business that is not a partner of Ellevest. This creates a conflict of interest to Ellevest as it gives Ellevest an incentive to recommend Lemonade instead of businesses that are not partners of Ellevest and affects the ability of Ellevest to provide unbiased, objective promotions about Lemonade's products and services. This could mean that the products and/or services of other businesses that do not compensate Ellevest may be more appropriate than the products and/or services of Ellevest's business partners. However, individuals are not required to purchase the products and services that Ellevest promotes.

#### *PolicyGenius*

Ellevest is a paid partner of Policygenius. Policygenius Inc. (DBA Policygenius Insurance Services in California) ("Policygenius") is a licensed independent insurance broker. Policygenius receives a commission from insurance companies for the insurance policies it sells. Products may not be available in all states. Ellevest receives from Policygenius, marketing promotional compensation to recommend Policygenius services. Products may not be available in all states.



Ellevest receives from Policygenius, marketing promotional compensation to recommend Policygenius services. This marketing partnership gives Ellevest an incentive to refer individuals to this partner instead of a business that is not a partner of Ellevest. This creates a conflict of interest to Ellevest as it gives Ellevest an incentive to recommend Policygenius instead of businesses that are not partners of Ellevest and affects the ability of Ellevest to provide unbiased, objective promotions about Policygenius's products and services. This could mean that the products and/or services of other businesses that do not compensate Ellevest may be more appropriate than the products and/or services of Ellevest's business partners. However, individuals are not required to purchase the products and services that Ellevest promotes.

### **Code of Ethics**

Ellevest has adopted a Code of Ethics ("Code") as required by the applicable securities laws. The Code establishes and reinforces a standard of business conduct expected of its supervised persons and provides specific guidance related to managing conflicts of interests. This includes procedures to: (1) prevent access to material nonpublic information about Ellevest's securities recommendations and client securities holdings and transactions by individuals who do not need the information to perform their duties; (2) review and approval of certain securities transactions and holdings by supervised persons with access to client information; and (3) report of any internal violations of the code. Ellevest will provide a copy of its Code to clients and prospective clients upon request. To request a copy of the Code, please contact Ellevest at [support@ellevest.com](mailto:support@ellevest.com) or write to Ellevest at 228 Park Ave S, PMB 94934, New York, NY 10003, Attention: Compliance.

### **Account Reviews**

Ellevest monitors Program clients' portfolios on an ongoing basis to identify situations that may warrant a more detailed review or a specific action on behalf of a client. Such reviews include, but are not necessarily limited to, suitability and inactivity. Additionally, Ellevest will contact clients on a quarterly and annual basis to ask if there have been any changes to their financial situation and investment objectives. Clients will be reminded to update their information. Reviews are generally conducted under the supervision of the firm's Chief Investment Officer.

### **Compensation for Client Referrals**

Ellevest will pay referral fees to third parties ("solicitors") who refer clients to us. Payment may be made to the solicitor if a referred person subsequently becomes an Ellevest client. Ellevest will also pay fees to third parties solely for driving prospective clients to us from other websites. Should Ellevest engage in a solicitation arrangement, it will disclose this practice in writing and comply with Rule 206(4)-1 of the Investment Advisers Act. Clients are not charged a fee, nor do they incur any additional costs for being referred to Ellevest by a solicitor.

### **Brokerage and Custody Practice**

We seek to use a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared with other available providers and their services. We consider a wide range of factors, including these:

- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of investment products made available (mutual funds, exchange-traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, other fees, etc.) and willingness to negotiate them

- Reputation, financial strength, and stability of the provider
- Their prior service to us and our other clients
- Availability of other products and services that benefit Ellevest, as discussed below

### **Duty to Seek Best Execution**

Ellevest's use of Folio will comply with the Firm's duty to obtain "best execution." In seeking best execution, the determinative factor is not just cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the broker's services described above. To participate in the Programs, clients must direct all brokerage transactions for their accounts to Folio. Clients cannot designate or select a different broker for trade execution.

### **Trade Aggregation**

When Ellevest considers it to be in your best interest, we may, but are not required to, aggregate your order for the sale or purchase of securities for your account with orders for other clients of the Program. Under this approach, the transactions may be averaged as to the price and will be allocated among our clients in proportion to the purchase and sale orders placed for each client account.

### **Trade Errors**

Consistent with its fiduciary duties, Ellevest's policy is to exercise care in making and implementing investment decisions for client accounts. Ellevest typically employs validation tests and operational quality control procedures. However, Ellevest relies on a significant amount of data from multiple sources and cannot guarantee that all relevant data are free from error.

Under Ellevest's policy, a trade error with potential material impact is defined as one that results in an asset allocation that differs from the client's target asset allocation by more than the ranges established in Ellevest's Rebalancing policy. Such errors will be further researched to determine whether clients were economically harmed as a result of the error. Where it is determined that Ellevest caused the error, as defined above, the client will be reimbursed by Ellevest for losses directly attributable to Ellevest's error, if not de minimis (less than 0.0025% (0.25bps) of the market value of the account, or \$1, whichever is greater), and to the extent disadvantaged by an inappropriate portfolio. If an investment gain is realized in the client's account, the client will retain such gain. Ellevest will maintain a trade error ledger that we will fund with de minimis amounts arising from trade errors.

### **Custody**

Ellevest does not maintain custody of the investment advisory assets that we manage. Your assets are held in an account at a "qualified custodian". For Ellevest Digital, Premium and Membership clients, the custodian is Folio. Ellevest is deemed to have custody of your assets since under the client agreement for services, you authorize us to instruct the custodian or third party billing provider to deduct Ellevest's advisory fees directly from your account. While Ellevest instructs the custodian or third party billing provider to withdraw its fees, the custodian, Folio maintains actual custody of client assets.

Ellevest Digital, Premium and Membership clients will receive account statements from Folio or the designated Program third party billing provider at least quarterly, which will reflect the withdrawal of any fees. Ellevest Digital and Premium clients may also access account statements directly through the Ellevest website. All clients are advised to review their account statements promptly to confirm the accuracy of the information contained. Should discrepancies or errors be found, clients should contact Ellevest, the designated Program third party billing provider or Folio directly.

**Services Available to us from Folio**

Ellevest receives without cost from Folio, technology and related systems support that allows Ellevest to better monitor client accounts maintained at Folio. Ellevest receives this technology and support without cost as the Firm renders investment advisory services to clients that maintain accounts at Folio. The technology and support services are not provided for the direction of securities transactions in client accounts (i.e., no "soft dollars") to Folio.

**Financial Information**

In certain circumstances, registered investment advisers are required to provide you with financial information and disclosures about their financial condition. Ellevest does not have any financial condition that is reasonably likely to impair it from meeting its contractual commitments to clients and has never been subject of a bankruptcy proceeding.