

**Item 1: Cover Page**

**Form ADV Brochure**

**Envel Investments, LLC**

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Date of Brochure: August 4, 2022

This brochure provides information about the qualifications and business practices of Envel Investments, LLC (hereafter, “Envel”). If you have any questions about the contents of this (617)-249-3872 brochure, please contact us at and/or [support@envel.ai](mailto:support@envel.ai). 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 Envel also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The CRD number assigned to Envel Investments LLC is 317487.

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

## **Item 2: Material Changes**

Envel will provide clients with summary of any material changes to this brochure within 120 days of the close of its business' fiscal year. Furthermore, Envel will provide clients with other periodic disclosures about material changes, as necessary. The date of the initial brochure publication is January 27<sup>th</sup>, 2022 and the dates of periodic future changes will be reflected in this section.

- Item 5, Fees and Compensation: Envel Investments, LLC published an update to this Form ADV Brochure on July 14, 2022 to state that core banking platform fees assessed by Envel, Inc. may be bundled in conjunction with investment advisory subscription fees charged by Envel Investments, LLC.
- Item 4, Advisory Business: The monthly subscription fee was updated to \$2.50 on July 20, 2022.
- Item 4, Advisory Business: The Chief Compliance Officer was updated to Clay Resnick on August 4, 2022.
- Item 4, Advisory Business: The monthly subscription fee was updated to \$1.99 on September 26, 2022.

### **Item 3: Table of Contents**

<i>Item 1: Cover Page .....</i>	<i>1</i>
<i>Item 4: Advisory Business .....</i>	<i>1</i>
<i>Item 5: Fees and Compensation .....</i>	<i>3</i>
<i>Item 6: Performance-Based Fees and Side-By-Side Management .....</i>	<i>3</i>
<i>Item 7: Types of Clients.....</i>	<i>4</i>
<i>Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss .....</i>	<i>4</i>
<i>Item 9: Disciplinary Information .....</i>	<i>5</i>
<i>Item 10: Other Financial Industry Activities and Affiliations .....</i>	<i>5</i>
<i>Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</i>	<i>6</i>
<i>Item 12: Brokerage Practices .....</i>	<i>6</i>
<i>Item 13: Review of Accounts.....</i>	<i>7</i>
<i>Item 14: Client Referrals and Other Compensation.....</i>	<i>7</i>
<i>Item 15: Custody.....</i>	<i>7</i>
<i>Item 16: Investment Discretion .....</i>	<i>8</i>
<i>Item 17: Voting Client Securities .....</i>	<i>8</i>
<i>Item 18: Financial Information.....</i>	<i>8</i>

#### **Item 4: Advisory Business**

Envel provides a mobile-based investment advisory application where clients can gain investment exposure to publicly traded stocks and an Exchange Traded Fund (“ETF”). Envel Investments, LLC opened its doors in 2021. Our principal owner is Stephen Le Roux and our Chief Compliance Officer is Clay Resnick. Our clients use the Envel-issued debit card to make purchases. Once subscribed to Envel’s advisory service and fractional round-up strategy, each client will complete an investment profile that is used to scope individual investment objectives and risk tolerance for the advisory account assets. The account is then funded through “rounding-up” purchases of goods and services to the nearest dollar for investment. The amount rounded-up can be as small as five cents (\$.05) or as large as one dollar (\$1), as determined by each purchase. It must be noted that Envel’s fractional round-up strategy invests primarily in equities (i.e., common stock) issued by major U.S. retailers and merchants.

Envel developed and uses a proprietary, automated software to facilitate investment of client assets in fractional shares (including micro-shares) of specific equity securities or an ETF. Specifically, the software attempts to correlate the merchant information returned by Visa, Mastercard, or other card issuer to purchase fractional shares of common stock in publicly traded companies. If the software can’t accurately match a client’s debit card purchase to a common stock, then the assets will be used to purchase a fractional share of an ETF. The ETF primarily consists of common stock in a blend of publicly traded U.S. corporations. The list of merchants that Envel’s software consistently matches to common stock using the fractional round-up strategy can be found on this website: [www.envel.ai](http://www.envel.ai)

Envel’s core banking clients become eligible to participate in advisory services offered by Envel Investments, LLC only after a banking relationship has been established with Envel, Inc. and accounts have successfully been opened at nbkc Bank, Member FDIC. Upon successful completion of customer identification and due diligence requirements imposed by nbkc, Envel’s clients will be provided with the option to establish an advisory relationship with Envel Investments, LLC and brokerage account with DriveWealth, LLC, an independent broker-dealer further described in Item 12 below (“DriveWealth”). Clients can accept the full suite of advisory disclosures and agreements, and the fractional round-up feature can then be toggled on and off within the mobile app.

Envel facilitates the flow of funds between nbkc Bank and DriveWealth via ACH transfers to settle buy and sell orders. Both buy and sell orders are sent by Envel’s software to DriveWealth in real-time as live market orders, and confirmation is provided by DriveWealth to Envel upon completion of each trade. It must be noted that trades are only executed and confirmed by DriveWealth during market hours, and Envel will provide clients with the status of pending trades in-app. Envel’s clients must have available cash to facilitate trades in their Envel Cash Envelope account at nbkc Bank in order to participate in Envel’s advisory strategy; otherwise, buy orders will not be submitted.

The purchases, and sales, of investments for each client's account are placed by Envel with DriveWealth. DriveWealth maintains all client accounts as custodian. In addition, DriveWealth charges a monthly account fee for each client holding securities. DriveWealth also charges other various fees to Envel to cover account opening, monthly and yearly statements, and other general account costs. Envel bears all of the foregoing fees and expenses charged by DriveWealth and only charges its clients the monthly subscription fee of \$1.99.

The full complement of Envel's advisory services includes basic investment data that is provided in-app, including cost basis (i.e., how much you've invested in each stock or ETF), the current value of each investment, and the charts and/or graphs that show historic performance of each security over a selected period of time. This information is obtained by Envel directly from DriveWealth and presented to clients in-app. Envel does not provide custom analytic or technical analysis to clients, nor does Envel's customer support team provide customized investment advice or investment recommendations in any way.

While we obtain, review, and update your profile once you complete it, all decisions to invest are made by each client and we do not monitor your account or individual investments, except as noted below under Item 13. We do not currently provide comprehensive financial planning services, and the investment advisory services provided by Envel are not a complete investment, estate planning, or wealth management program. We are not aware of your aggregate investable and invested assets. Therefore, we encourage you to consider additional asset classes, strategies, and investments to supplement your overall investment plan if appropriate for your investment goals. You may find it beneficial to incorporate other platforms or investments into your investment portfolio outside of the services provided by Envel.

Envel's investment advisory services are exclusively available through the mobile app that is publicly available for download in both the U.S. Apple and Google play stores. No portion of Envel's financial services or investment advisory strategies are available online through a web browser or any other form of electronic medium other than a mobile device. Envel does not accept or perform any buy or sell trade orders outside of the mobile application and does not accept trade orders through any customer support channel. Clients should contact [support@envel.ai](mailto:support@envel.ai) for any concerns, questions, or support requests.

This brochure is the first official version published by Envel to describe the recently launched investment advisory services offered by Envel Investments, LLC, which does not yet have Assets Under Management ("AUM") to disclose as of the date of this document. In addition, Envel plans to develop additional advisory strategies in 2022 beyond what is described above, which includes:

- Increased round-up amounts
- Risk-based ETF selections
- Money market offerings
- Conversion of long-term cash savings into fixed income (e.g., bond fund) strategies

## **Item 5: Fees and Compensation**

We are compensated by our clients for providing access to the U.S. securities market through a fixed monthly subscription fee. This fee is not negotiable, although it may vary over time with appropriate notice to Envel's clients. In addition, the fee may be waived from time to time through various promotional periods at the beginning of each client advisory relationship. The full scope of each promotional period will be fully disclosed to users within the mobile app and through Investment Advisory Agreements that are reviewed and accepted by each client at onboarding and when updated, as required. The monthly subscription fee is a fixed amount that will not change or be affected in any way based on AUM or the number of trades that are executed. The fee is deducted from each client's Envel Cash account held at nbkc Bank on a monthly basis. This fee may be part of a larger banking platform package offered by the parent company Envel Inc. In this case, the parent company will pay Envel Investments for this monthly fee on behalf of the client through an intercompany transaction, and the client will not bear any additional fees on top of the banking platform fee. Any such platform fees will be fully disclosed to participating clients, including a description of the benefits and services (including Envel Investments), both in-app and within the Investment Advisory Agreement.

When investing in ETFs, the costs associated with operating an ETF are passed on to investors. As a result, clients pay their proportionate share of each ETF's operating expenses held in their portfolios, and this expense is not deducted by Envel but imposed at the ETF level, borne by each ETF shareholder, and does not reduce or offset the monthly subscription fee. For more details on ETF fees, clients should refer to the prospectus for each selected ETF. Clients do not pay trading charges, brokerage fees or commissions, but as with all trading, they will pay the bid/ask spread prevailing in the market on trades.

To determine whether an investment advisory account is appropriate, you should carefully analyze the projected costs of the investment advisory account, such as expected size, volume and frequency of investments, the volume and frequency of your debit card spending, projected holding period of investments, the securities available, and the scope of advisory services provided by Envel. Although we believe our fee is competitive, a lower fee structure for comparable services may be available from other investment advisers or broker-dealers.

As an internet-only adviser, we do not currently employ or compensate Envel team members that offer financial advice or investment recommendations in any form. In addition, we do not have an ownership interest in, or receive compensation from, third parties that provide services to Envel's clients, including the custodian of client assets, NBKC, or DriveWealth, the clearing broker for your brokerage account.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

We do not earn performance-based fees on our client accounts in any form. As discussed above, Envel only assesses a monthly subscription-based fee.

## **Item 7: Types of Clients**

We provide services to individual investors only. Envel Investments services are further limited to customers that first establish a core banking relationship with Envel, Inc. and accounts held at nbkc Bank, Member FDIC. We do not have any account or investment minimums for retail investors.

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

We offer only automated robo-advisory services to individuals and do not provide custom methods of analysis regarding your investment activities other than the in-app tools we make available for client use. These tools consist of your cost basis, historic stock price, and shareholder documents regarding the ETF that you may be invested in.

It is important to remember that any type of investing carries risk. Investing in a single stock of a public company presents risk of loss associated with that company's operations. Generally, a concentrated portfolio invested in one or a small number of common stocks of public companies tends to present greater risk than a diversified portfolio of stocks of many companies; however, diversification of your investments does not necessarily ensure a profit and may not protect against loss in declining markets. You, as the investor, should be prepared to bear losses in the short, medium, and long term. It is generally advisable to invest in stocks that corresponds to your risk tolerance. Because, as described in Item 4 above, purchases of individual companies in your account are made according to use of your Envel debit card, it is likely that your portfolio will be heavily weighted towards merchants that you spend at more frequently, and more generally toward companies that are engaged in direct sales to consumers, which is likely to result in a portfolio that is not diversified. The selection of ETF investment options may provide complementary diversification.

You may choose to participate in the investment strategy offered by Envel to gain exposure to a variety of asset classes including, but not limited to, common stock (i.e., "equities") and the assets held within ETFs. The prices of securities can be volatile and investing in securities involves a potential risk of loss. For example, the value of stocks fluctuates in response to the issuing company's operations, market, political and economic developments. Prices may fluctuate, possibly significantly, in a short period of time. New issues may experience increased volatility due to supplier, key employee, financing or other factors. The value of your account holdings will be impacted by general movements in the stock market as well as fluctuations of each particular security.

ETFs are subject to market risk, including the possible loss of principal. The value of an ETF portfolio will fluctuate with the value of the underlying securities. Investors buy and sell shares of an ETF like a stock and may trade for less than their net asset value if there is low market

demand for the ETF. Investors should consider an ETF's investment objective, risks, charges, and expenses carefully before investing. This information can be found in the ETF's prospectus, which should be read carefully before investing.

ETFs may have underlying investment strategy risks similar to investing in commodities, bonds, real estate, international markets or currencies, emerging growth companies, or specific sectors. As a result, each ETF will have specific risks depending on its investments:

- When investing in bonds, it is important to note that as interest rates rise, bond prices will fall.
- Due to their narrow focus, sector-based investments typically exhibit greater volatility than the broad market.
- There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries.
- When investing in real estate companies, property values can fall due to environmental, economic, or other reasons, and changes in interest rates can negatively impact the performance.
- The risk of loss in trading commodities and futures can be substantial. The high degree of leverage that is often obtainable in commodity trading can work against you as well as for you. You should therefore carefully consider whether such trading in ETFs is suitable for you in light of your financial condition.

#### **Item 9: Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to your evaluation of Envel's advisory business or the integrity of our management. At present, there is no such event to disclose.

Visit [Investor.gov](http://Investor.gov) for a free and simple search tool to research the disciplinary record of Envel Investments, LLC, CRD number 317487.

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

Neither we nor any of our management persons are, or plan to be, registered as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, or commodity trading advisor. Nor are we or any of our management persons an associated person with any of these entities, nor do we have material relationships with such entities, or other individuals such as financial planners, lawyers, real estate brokers, or similar financial professionals or institutions that would create a conflict of interest.



Key back-office functions (e.g., Compliance, Finance, Marketing) are shared across Envel's business lines of core banking services provided by Envel, Inc. and advisory services provided by Envel Investments, LLC. Envel Inc. also provides corporate insurance and other general and administrative services outlined in an intercompany servicing agreement. Envel Investments LLC will maintain a separate accounting ledger, separate client list and operate separately from Envel Inc.

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

Pursuant to SEC Rule 204A-1, we have adopted a Code of Ethics that includes but is not limited to Prohibited Activities, Conflicts of Interest, Confidentiality, Compliance with laws and Regulations, Reporting Violations, Training and Education, and Recordkeeping.

The full Code of Ethics will be provided to any client or prospective client upon request.

#### **Item 12: Brokerage Practices**

For purposes of placing orders in securities for your account, Envel uses DriveWealth, LLC, an SEC registered broker-dealer and FINRA member ("Broker" or "Custodian") for clearance, settlement and custody services. In order to transact through the Envel platform, you must open a brokerage account with the Broker who maintains custody of your securities. The Broker also provides execution, clearing, and settlement services for your account. All account opening functionalities, including identity verification and approval, are handled digitally by Broker. Only individuals will be permitted to establish accounts with the Broker, which shall be in the individuals' own name. Clients will be required to complete all applicable Broker forms and agreements, including a limited power of attorney if required, which authorizes the Broker to deduct our fees from your accounts pursuant to your agreements with us. The Broker reserves the right to reject any account application for any reason whatsoever.

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. The appointment of a registered broker-dealer as the sole Broker for your accounts may result in less favorable executions than may be available through the use of a different broker-dealer. However, it should be noted that Envel selected the Broker based on its willingness and ability to execute transactions in fractional microshares as not all broker-dealers have the ability or capacity to do so.

We do not receive soft-dollar or any other form of compensation from the Broker, including payment for order flow (compensation for placing client order with DriveWealth).

The Broker may potentially aggregate orders involving multiple client accounts trading in the same securities. Each client that participates in an aggregated market order to buy or sell securities will participate at the average share price for transactions in the aggregated order.

### **Item 13: Review of Accounts**

As we do not employ financial advisory professionals, our team does not periodically review your accounts to provide quantitative or technical analysis and does not provide individual financial recommendations. However, DriveWealth makes monthly and annual account statements available to you that indicate your account holdings, transactions, and performance of securities. These statements are provided electronically and can also be viewed while you are logged into your account via the Envel mobile app.

We also conduct various checks of client accounts for financial crimes, fraud, and cybersecurity; also to comply with applicable laws and regulations. For example, checking for inactive accounts and the federal requirement to not do business with persons sanctioned by the U.S. Treasury.

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

We receive no compensation from an outside party for providing advisory services to our clients. The sole source of income from Envel Investments, LLC is the monthly subscription fee described above.

We do not compensate other people for client referrals to services provided under Envel Investments, LLC. Currently, Envel's referral program is focused to grow the core banking user base within Envel, Inc. Envel's core banking clients can elect to participate in the advisory services offered by Envel Investments, LLC after being referred to Envel; however, participation in advisory services is separate from the core banking referral program and conducted only after the banking onboarding process is completed. If we offer temporary promotional periods where the monthly fee is waived, for example through a customer-referral bonus program for existing clients, we will disclose the terms of the promotional program accordingly.

### **Item 15: Custody**

We do not maintain custody of client accounts or securities, which are held by DriveWealth. As the custodian and clearing broker, DriveWealth will provide periodic statements regarding your account including routine (e.g., monthly) statements and year-end statements that reflect any transactions executed during the relevant period and information regarding tax obligations you may have. In addition, Envel's clients can generate statements directly from DriveWealth on an ad-hoc basis, which are made available in-app.

**Item 16: Investment Discretion**

We provide only automated, robo-advisory services to our clients based on debit card spending, meaning that only you decide what to invest in, and when/if to sell securities maintained in your account. We do not presently offer discretionary accounts where Envel will select securities on your behalf. Envel's sole investment strategy is to direct investments to common stock or a single ETF based on where you use your debit card. Envel's current investment advisory offering does not permit transactions involving other money/investment you own outside of the "round-up" amount from purchases made with your debit card.

**Item 17: Voting Client Securities**

We do not have authority to vote securities owned by our clients. If you own shares of a company that issues a proxy, DriveWealth is responsible to send the proxy to you and you will vote any such proxies.

**Item 18: Financial Information**

As we do not require prepayment of fees of more than \$1,200 in fees per client, six months or more in advance, we are not obligated to provide a balance sheet for Envel's most recent fiscal year. Further, we are not in a financial condition that is reasonably likely to impair Envel's ability to meet its contractual obligations to clients.