



## Item 1. Cover Page

### **Robo Advisor, Inc.**

**Form ADV Part 2A**

#### **ROBO ADVISOR - CLIENT BROCHURE**

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March 30, 2023

This brochure provides information about the qualifications and business practices of Robo Advisor, Inc. (hereinafter "Robo Advisor") a registered investment advisor. Registration as a registered investment advisor does not imply a certain level of skill or training but only indicates that Robo Advisor has registered its business with state and federal regulatory authorities, including the United States Securities and Exchange Commission. If you have any questions about the contents of this brochure, please contact us at (407) 499-0050. 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 Robo Advisor also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2. Material Changes

There are no material changes to report currently.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was March 31, 2022.

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## Item 4. Advisory Business

Robo Advisor, Inc. is registered investment advisor firm registered with the Securities and Exchange Commission ("SEC") since January 6, 2011.

The Principal Owner of Robo Advisor, Inc. is Jeffrey J. Hovermale, Founder & CEO, CCO, and CIO.

### **Advisory Services**

Robo Advisor, Inc.'s ("Robo Advisor", "Robo Advisor™", "ROBOADVISOR.COM", or "Advisor") principal service is providing fee-based investment advisory services and financial planning services. The Advisor practices custom management of portfolios, on a discretionary basis, per the client's objectives. The Advisors' primary approach is to use a tactical allocation strategy aimed at reducing risk and increasing portfolio performance.

The Advisor may use any of the following: exchange-listed securities, over-the-counter securities, warrants, corporate debt securities, CDs, variable life insurance, annuities, municipal securities, ETFs, mutual funds, and United States government securities to accomplish this objective. The Advisor measures and selects mutual funds by using various criteria, such as the fund manager's tenure, and/or overall career performance.

The Advisor may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. The Advisor may recommend specific stocks to increase sector weighting and/or dividend potential. The Advisor may recommend employing cash positions as a possible hedge against market movement which may adversely affect the portfolio. The Advisor may recommend selling positions for reasons that include but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in risk tolerance of the client, or any risk deemed unacceptable for the client's risk tolerance.

Robo Advisor, Inc. will provide investment advisory services and portfolio management services and will not provide securities custodial or other administrative services. At no time will Robo Advisor, Inc. accept or maintain custody of a client's funds or securities.

### **Pension/401(k)/Retirement Plan Consulting Services**

Robo Advisor will evaluate the existing qualified retirement plan solution(s). Robo Advisor will evaluate at a minimum, the qualified retirement plans fiduciary compliance program, recordkeeping and third-party administration services, investment policy statement and management process, employee communication and education program, liability risk transfer for pension programs, and retiree/rollover transitional consulting services.

Based on the evaluation, Robo Advisor will make objective recommendations to the plan sponsor on various topics, including asset allocation strategies and the selection of specific third-party money managers to implement the strategies. Upon approval, Robo Advisor will implement, manage, and monitor the recommendations with the authorization of the plan sponsor.

As part of the process, Robo Advisor will provide an investment policy statement. Robo Advisor will recommend, monitor, and benchmark the selected investment platform according to the investment policy statement. Robo Advisor may assist the client in completing the investment manager's client questionnaire and opening account paperwork. Robo Advisor will also assist in the development of the initial policy recommendations. In consideration for this service, Robo Advisor will receive an investment advisory fee, billed quarterly in advance, and based on the value of the plan assets on the last day of the quarter. The third-party money manager is hired by the client. Robo Advisor is only making recommendations to the client about who should be hired. The investment manager will have discretion as to the model portfolios/asset allocations, not the individual participant's elections, or asset allocation of any participants should they elect to customize their own portfolio. The client, prior to entering into an agreement with a third-party money manager recommended by Robo Advisor will be provided with that manager's disclosure brochure. In addition, Robo Advisor and its client will agree in writing that the client's account will be managed by that selected third-party money manager on a discretionary basis. Additionally, Investment Advisor Representatives of Robo Advisor may provide consultation services on general non-securities advice on topics including operations management, business model integration and management, and retirement plan consulting and business planning. Consultation services will be charged at an hourly fee of \$1,000 per hour, paid in arrears. Fees are negotiable. Pre-payment of fees will not exceed \$500 per client, 6 months in advance.

### **Selection of Other Advisors**

Robo Advisor may periodically recommend and refer clients to unaffiliated money managers. Through this arrangement, the client will then enter into an advisory agreement with the third-party money manager authorizing them to construct portfolios, trade the client account, and otherwise assist and advise the client as needed in establishing investment objectives and developing an investment strategy to meet those objectives by identifying appropriate investments and monitoring such investments. Robo Advisor will assist in the development of the initial policy recommendations and in the selection of the third-party money managers, assist with the completion of any client questionnaires and account opening paperwork, and will continue to provide ongoing client support and oversight and management of the third parties providing services to the client. In consideration for such, the third-party money manager will receive an investment advisory fee, billed monthly or quarterly in advance, depending on the money manager selected, based on the account asset value at the time the account is established. Robo Advisor will receive a portion of the investment advisory fee for the ongoing oversight and monitoring of the third-party money managers and the continuing client services of the client to the third-party manager.

The client, prior to entering into an agreement with a third-party money manager selected by Robo Advisor, will be provided with that manager's Form ADV Part 2. In addition, Robo Advisor and its client will agree in writing that the client's account will be managed by that selected third-party money manager on a discretionary basis.

### **Financial Planning**

In addition to investment supervisory services, Robo Advisor may provide Financial Planning Services to some of its clients. The Advisor's Financial Planning services may include recommendations for portfolio customization based on their client's investment objectives, goals, and financial situation. Financial Planning Services may also include recommendations relating to investment strategies as well as tailored investment advice.

Investment Advisor Representatives of Robo Advisor provide general non-securities advice on topics including tax planning, estate planning, business planning, retirement planning, education planning, budgeting, and cash flow. Fees are billed at a rate of \$150.00 per hour and are billed as services are rendered. Fees are negotiable. Pre-payment of fees will not exceed \$500 per client, 6 months in advance.

### **Tailored Advisory Services**

Robo Advisor will tailor its advisory services to its client's individual needs based on meetings and completion of a client profile. If clients wish to impose certain restrictions on investing in certain securities or types of securities, the Advisor will address those restrictions with the client to have a clear understanding of the client's requirements.

### **WRAP Fee Programs**

As described in Item 5 below, some clients will be charged a Management Fee that is inclusive of both the fee to Robo Advisor for advisory services as well as custodial and securities execution fees charged by the custodian and executing broker-dealer, while other clients will pay a Management Fee to Robo Advisor and pay the custodial and securities execution fees directly to the custodian and executing broker-dealer from their brokerage account. The specific client circumstances will be defined in the agreement between the client and Robo Advisor.

A WRAP fee program is defined as one where a fee is charged to the account that is not based directly on transactions in the account and includes both the investment advisory services (including selecting other advisors) and the costs of executing the transactions in the account. Robo Advisor offers both all-inclusive and separate pricing options to clients. However, Robo Advisor provides its services to all clients in the same way, as described throughout this brochure, no matter which pricing option is chosen.

### **Client Assets**

As of March 30, 2023, Robo Advisor, Inc. had \$0 in discretionary client assets under management and \$0 in non-discretionary client assets.

## Item 5. Fees and Compensation

### **Asset Management Fees:**

Clients of Robo Advisor will pay an Investment Advisory fee as outlined in the signed Investment Advisory contract. This fee is payable either monthly or quarterly in advance and is based on the assets in the account at the beginning of the period. For new accounts, the fee is prorated from inception to the end of the period.

Investment Advisory fees range from 0% to 0.25% per annum, but can be negotiated based on factors such as the size and nature of the client relationship or the complexity of the strategy. Fees may be reduced or waived for Robo Advisor's directors, officers, and employees at management's discretion. The fees are automatically deducted from the client's account on a quarterly basis by the Custodian as agreed upon in the contract.

Robo Advisor will not maintain custody of a client's funds or securities, except for authorized fee deduction. The Investment Advisory fee includes all custody, transaction, and sub-advisory costs, which are paid by the Advisor. However, clients may still pay ongoing costs for investing in packaged products, such as mutual funds' total expense ratios. The specific arrangement for each client is negotiated and defined in the investment advisory contract.

Investment advisor representatives of Robo Advisor don't receive different compensation for clients choosing wrap fee arrangements versus non-inclusive fees, so there's no financial incentive to recommend one method over the other.

### **Subscription Fee**

Some clients will contract to have investment advice provided on a subscription basis rather than based on the assets under management. The Advisor's subscription fee will be billed at a rate of \$0.00 to \$8.99 per month depending on the account type selected, the type and complexity of the investment management strategy employed as well as the overall client relationship (in certain account types may be applied in conjunction with a fee based on assets under management (not to exceed .25% per annum)). The Advisor's subscription fees will be negotiated and agreed upon by the parties in advance. Subscription fee-based clients are billed monthly in advance of work performed.

### **Hourly Fee**

Some clients will contract to have financial planning advice provided based on an hourly fee rather than based on the assets under management. The Advisor's hourly fee will be billed at a rate of \$50 to \$150 per hour depending upon the type and complexity of the planning being performed. The Advisor's hourly fees will be negotiated and agreed upon by the parties in advance. Hourly fee-based clients are billed monthly in arrears upon completion of work performed.

### **Pension Consulting Fee**

The Advisor's hourly fee will be billed at a rate of \$1,000 per hour. The Advisor's hourly fees will be negotiated and agreed upon by the parties in advance. Hourly fee-based clients are billed monthly in arrears upon completion of work performed.

### **Other Fees & Expenses**

All fees paid to Robo Advisor for investment advisory services are separate and distinct from the expenses charged by mutual funds to their shareholders and from the fees charged by product sponsors for variable insurance products. These fees and expenses are detailed in each fund or variable product's prospectus and typically include a management fee and other fund-related expenses. A client could invest in these products directly, without the services of Robo Advisor. In that case, the client would not receive the services provided by Robo Advisor which are designed, among other things, to assist the client in determining which products or services are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the product sponsor and the fees charged by Robo Advisor to fully understand the total fees to be paid.

Clients with wrap fee accounts, which include transaction and custody costs, generally pay a higher Advisory Fee. Clients opting for an inclusive fee won't pay additional transaction fees or costs beyond the inclusive Advisory Fee. The cost of the inclusive fee may vary depending on the number of transactions in the account. Clients not involved in the WRAP program may incur transaction and custody costs charged by the executing broker-dealer or custodian. In such cases, the client would pay the investment advisory fee to the Advisor, plus the transaction and custody costs charged by the broker-dealers and expenses charged by mutual funds or variable annuities to their shareholders.

### **Fees Paid in Advance, Termination and Cancellation**

The quarterly management fee is payable in advance. Clients and the Advisor cannot assign, convey, or transfer any rights, obligations, or interests under the Agreement without the other party's prior written consent. The Agreement can be terminated by either party at any time by providing written notice to the other party.

- a) When the termination is initiated by the advisor, it becomes effective either 30 days after receipt of the written notice or when the account is liquidated and transferred, whichever comes first.
- b) When the termination is initiated by the client, it becomes effective either:
  - i. 30 days after receipt of the written notice, with all transactions to liquidate the account within 30 days treated as one, or
  - ii. When the account or remaining balance is liquidated and transferred after 30 days, with all transactions to liquidate the account treated separately based on their respective dates. If no notice is provided, then all transactions to liquidate the account shall be treated separately as of their respective date plus thirty (30) days.



- c) If no notice is provided, all transactions to liquidate the account are treated separately based on their respective dates plus 30 days.
- d) **There is no refund for monthly subscription fees.**

### **Compensation for the sale of securities or other investment products.**

Where acting in the capacity of a registered representative, investment adviser representatives of Robo Advisor may, as broker or agent, affect securities transactions for typical and customary compensation. Clients are not obligated to use the investment advisory representatives of Robo Advisor to execute such securities transactions.

## **Item 6. Performance-Based Fees & Side-by-Side Management**

Robo Advisor does not charge performance-based fees.

## **Item 7. Types of Clients**

Robo Advisor offers its services to a diverse range of clients, including individuals, pension, 401(k), and profit-sharing plans, individual company retirement plan participants, trusts, estates, charitable organizations, corporations, and other business entities.

There are no minimum size requirements for opening or maintaining an account with our firm.

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

### **Methods of analysis and investment strategies**

The Advisor may utilize fundamental, technical, or cyclical analysis techniques in formulating investment advice or managing assets for clients.

Fundamental analysis of businesses involves analyzing their financial statements and health, their management and competitive advantages, and their competitors and markets.

Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives; to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions and to calculate its credit risk.

Technical analysis is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume, and open interest can help predict future (usually short-

term) market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall.

Cyclical analysis of economic cycles is used to determine how these cycles affect the returns of an investment, an asset class, or an individual company's profits. Cyclical risks exist because the broad economy has been shown to move in cycles, from periods of peak performance followed by a downturn, then a trough of low activity. Between the peak and trough of a business or other economic cycle, investments may fall in value to reflect the uncertainty surrounding future returns as compared with the recent past.

The investment strategies the Advisor will implement may include long-term purchases of securities held for at least for one year and short-term purchases for securities sold within a year.

Clients need to be aware that investing in securities involves risk of loss that clients need to be prepared to bear.

### **Material risks involved in the investment strategies**

The methods of analysis and investment strategies followed by the Advisor are utilized across all the Advisors clients, as applicable. One method of analysis or investment strategy is not more significant than the other as the Advisor is considering the client's portfolio, risk tolerance, time horizon, and individual goals. However, the client should be aware that with any trading that occurs in the client account, the client will incur transaction and administrative costs.

### **Security Types**

The Advisor does not primarily recommend a particular type of security.

## **Item 9. Disciplinary Information**

Robo Advisor is committed to maintaining a high standard of ethical conduct and transparency in its business practices. As such, we wish to disclose any legal or disciplinary events that may be relevant to clients in their evaluation of our advisory services.

To date, Robo Advisor has not experienced any legal or disciplinary events, either currently or in the past.

However, it is important to note that the firm's CEO, Jeffrey J. Hovermale, faced a temporary suspension by the Financial Industry Regulatory Authority (FINRA) on December 31, 2018, due to a "failure to respond" violation. Mr. Hovermale was subsequently reinstated on March 27, 2019, with no sanctions imposed. This isolated incident has been resolved, and we continue to uphold the highest levels of integrity and professionalism in our operations.

## Item 10. Other Financial Industry Activities and Affirmations

### **Registration as a broker-dealer or a registered representative of a broker-dealer.**

The Investment Advisor Representatives of Robo Advisor may also be registered representatives. Jeffrey J. Hovermale, Founder & CEO, and principal owner of Robo Advisor, Inc. is also a minority owner of the broker-dealer Sovereign Legacy Securities, Inc.

### **Registration as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.**

Neither Robo Advisor nor any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor.

### **Relationships or arrangements material to the firm's advisory business to clients.**

Jeffrey J. Hovermale is also a minority owner of Sovereign Legacy Securities, Inc., a FINRA registered broker-dealer. Clients that use Sovereign Legacy Securities for securities brokerage transactions or use the services of the Advisor's Investment Advisor Representatives in their capacity as registered representatives of the broker-dealer, will incur transactional costs from the broker-dealer in addition to the management fee from the Advisor for advisory services. This creates a conflict of interest. Robo Advisor addresses this conflict of interest by disclosing to its clients, prior to initiating any transaction-related business that by utilizing Sovereign Legacy Securities in this capacity, the client will incur additional expenses. Those expenses are explained to the client in advance of offering these services.

### **Conflicts of Interest: Insurance Products and Services**

The Investment Advisor Representatives (IARs) of Robo Advisor may also be licensed and registered as insurance agents, either individually or through Sovereign Wealth Management Group, Inc., entities registered as insurance agencies in various states. As a result, IARs may sell annuities, life, accident, and other lines of insurance for various insurance companies. They will be able to purchase annuity and insurance products for clients in need of such services and will receive separate, yet typical compensation in the form of commissions for the purchase of these insurance products.

This situation creates a conflict of interest, as the receipt of additional compensation by the Investment Advisor Representatives may influence their recommendations. It is important for clients to be aware of this potential conflict when considering the purchase of insurance products through Robo Advisor or its IARs.

Please note that clients are not obligated to use Robo Advisor or its Investment Advisor Representatives for insurance product services. In cases where clients choose to purchase insurance products through Robo Advisor or its IARs, no advisory fee will be associated with these products. By disclosing this information, we aim to maintain transparency and address any potential concerns related to conflicts of interest in our investment advisory services.

**Recommendation/selection of other investment advisers.**

Robo Advisor recommends or selects other investment advisers for clients, as described in Item 4 above.

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

**Code of Ethics**

Robo Advisor, Inc. is registered with the SEC and maintains a Code of Ethics pursuant to SEC rule 204A-1. Robo Advisor has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of Robo Advisor deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of Robo Advisor are conducted in a manner that avoids any conflict of interest between such persons and clients of the adviser or its affiliates. Robo Advisor collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest. Robo Advisor will provide a copy of the Code of Ethics to any client or prospective client upon request.

**Recommendations to clients, or buying or selling for client accounts, securities in which the firm or a related person has a material financial interest.**

**Registered Representative**

Where acting in the capacity of a registered representative, investment adviser representatives of Robo Advisor may, as broker or agent, effect securities transactions for typical and customary compensation. This creates a conflict of interest. Clients are not obligated to use the investment advisory representatives of Robo Advisor to execute such securities transactions. If the client elects to use the investment advisory representatives of Robo Advisor in this capacity, fees associated with these types of transactions will be disclosed to the client, in advance.

While Robo Advisor endeavors always to put the interests of its clients first as part of its fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect the judgment of the individual making the recommendation.

### **Investing in the same securities recommended to clients**

Robo Advisor and/or its investment advisory representatives may from time-to-time purchase or sell products that they may recommend to clients. Robo Advisor and/or its investment advisory representatives have a fiduciary duty to put the interests of their clients ahead of their own. Robo Advisor requires that its investment advisory representatives follow its basic policies and ethical standards as set forth in its Code of Ethics.

## **Item 12. Brokerage Practices**

### **Factors considered in selecting or recommending broker-dealers.**

Robo Advisor has discretionary authority to select the broker or dealer for custodial and execution services. Robo Advisor will choose the broker or dealer to be used based on execution and custodial services offered, cost, quality of service, and industry reputation. Robo Advisor will consider factors such as commission price, speed, quality of execution, client management tools, and convenience of access for both the Advisor and client.

### **Research and other soft dollar benefits**

Robo Advisor does not receive research or other products or services other than execution from a broker-dealer or third party because of client securities transactions.

### **Brokerage for Client Referrals**

Robo Advisor does not receive client referrals from any broker-dealer or a third party because the firm selects or recommends that broker-dealer to clients.

### **Directed Brokerage**

Robo Advisor recommends that all clients use a particular broker-dealer for execution and/or custodial services. The broker-dealer is recommended based on criteria such as, but not limited to, the reasonableness of commissions charged to the client, tools and services made available to the client and the Advisor, and convenience of access to the account trading and reporting.

## **Item 13. Review of Accounts**

### **Frequency and nature of the review.**

Investment advisory client accounts are monitored on a quarterly basis. Financial plans once prepared and delivered to the client are not reviewed again unless the client requests a financial plan be updated. Client accounts (and/or financial plans) are reviewed by Jeffrey Hovermale, CIO, and a select investment committee. The nature of the review is to determine if the client account is still in line with the client's stated objectives.

### **Frequency and Nature of regular reports to clients.**

The client will receive written statements no less than quarterly from the custodian. In addition, the client will receive other supporting reports from mutual funds, asset managers, trust companies or other custodians, insurance companies, broker-dealers, and others who are involved with client accounts.

## Item 14. Client Referrals and Other Compensation

Robo Advisor is not compensated by anyone for providing investment advice or other advisory services except as previously disclosed in this Brochure.

Robo Advisor does not directly or indirectly compensate any person who is not a supervised person for client referrals.

## Item 15. Custody

Robo Advisor does not have custody of client funds or securities except for the deduction of fees from client accounts as described in Item 5.

## Item 16. Investment Discretion

Robo Advisor generally has discretion over the selection and number of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the client for each transaction. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by Robo Advisor.

Discretionary authority will only be provided upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Robo Advisor will be in accordance with each client's investment objectives and risk profile.

## Item 17. Voting Client Securities

Robo Advisor will not vote, nor advise clients how to vote, proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. Also, Robo Advisor cannot give any advice or take any action with respect to the voting of these proxies. The client and Robo Advisor agree to this by contract. Clients will receive proxy solicitations from their custodian and/or transfer agent.

## Item 18. Financial Information

### **Prepayment of Fees**

Robo Advisor does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

### **Financial conditions which may impair the advisor.**

Robo Advisor has discretionary authority over client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to clients. If Robo Advisor does become aware of any such financial condition, this brochure will be updated, and clients will be notified.

### **Bankruptcy Petitions**

Robo Advisor has not been the subject of a bankruptcy petition.

## Item 19. Requirements for State-Registered Advisors

Robo Advisor is registered with the SEC and therefore not subject to this item.