

# Investnet Embedded Advisory, Inc.

## Form CRS

March 31, 2023

### Introduction

Investnet Embedded Advisory, Inc. is registered with the Securities and Exchange Commission as an investment adviser. Investment advisory and brokerage services and fees differ, and it is important that you understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

### What investment services and advice can you provide me?

We offer investment advisory services to retail investors through an online digital advisory program that provides discretionary portfolio management. When you engage us for our advisory services, you will sign an investment advisory agreement that gives us discretionary authority to determine the investments to buy and sell in your account. You may impose reasonable restrictions on the management of the account by designating certain securities that should be excluded from your account.

The advisory services involve discretionarily managing client accounts in accordance with asset allocation strategies that are generally limited to a composition of exchange traded funds (“ETFs”), stock, and cash. We use automated tools to recommend an investment allocation strategy based on information you provide through a web-based application. The recommendation is based primarily on your financial situation, investment time horizon, and risk tolerance. We also offer you the ability to select an investment theme, which will determine the types of stocks that are held in your account. As part of our advisory services, your account will be monitored for adherence to the targeted asset allocation and rebalanced as needed on an ongoing basis.

To form an advisory relationship with us, we require a minimum initial account size of \$500.

Please refer to our [Form ADV, Part 2A Brochure](#) for more detailed information about our services.

*Conversation Starters: Given my financial situation, should I choose an investment advisory service? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

### What fees will I pay?

We charge a wrap fee for our services. This means you will pay a single asset-based fee that includes the cost of our investment advisory services and the costs of brokerage and custody services provided by an unaffiliated broker-dealer. Because this fee includes most transaction costs and fees paid to a broker-dealer it could be higher than a typical asset-based fee that does not include such brokerage and custody costs. Because our fee is based on a percentage of the total assets held in your account, we have an incentive to encourage you to increase the assets we manage on your behalf.

The wrap fee does not include the management fees and other internal operating expenses charged by ETFs held in your account. Such costs are deducted from the net asset value of these funds and disclosed in the prospectus. Certain custodial fees are not included in the wrap fee. These fees include, but are not limited to, withdrawal and administrative request fees, transfer fees, and miscellaneous charges related returned checks, stop payment notices, paper trade confirms and Account statements, and requests for tax documents. In addition, an equal amount of the interest earned on uninvested cash balances will be shared with the custodian we have partnered with to provide our services, which has the effect of reducing the yield you receive on your cash balance.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. Please refer to our [Form ADV, Part 2A Brochure](#), particularly Item 4, for more detailed information about our fees and your investment costs.

Conversation Starter: *Help me understand how these fees and costs might affect my investments? If I give you \$500 to invest, how much will go to fees and costs, and how much will be invested for me?*

### **What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here is an example to help you understand what this means.

Our affiliate, Envestnet Financial Technologies, Inc., a technology company, has entered into an agreement with the advisory program's custodian ("Custodian") to be compensated for the build out of technology solutions that enable the embedding of investment advisory, educational and planning services with the Custodian's web-based platform. This creates a conflict of interest since we require that you appoint the Custodian as the broker-dealer and custodian for your account.

Conversation Starter: *How might your conflicts of interest affect me, and how will you address them?*

Please refer to our [Form ADV, Part 2A Brochure](#) for more detailed information about our conflicts of interest.

### **How do your financial professionals make money?**

Our financial professionals receive a salary and a discretionary bonus based on their individual performance and the success of the firm. This is a conflict of interest because our financial professionals have an incentive to encourage a retail investor to increase the assets in a retail investor's accounts that participate in the program.

### **Do you or your financial professionals have legal or disciplinary history?**

No. Please visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research our firm and your financial professionals.

Conversation Starter: *As a financial professional, do you have any disciplinary history? For what type of conduct?*

### **Additional Information**

**You can find additional information about our services in our [Form ADV, Part 2A Brochure](#). You may request updated information and a copy of our Relationship Summary by contacting us at 312-827-2800.**

Conversation Starter: *Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*