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www.Wealthfront.com

Form ADV Part 2A

Client Brochure

February 28, 2012

This brochure (“Brochure”) provides information about the qualifications and business practices of Wealthfront Inc. (“Wealthfront”), a registered investment adviser. Registration does not imply a certain level of skill or training but only indicates that Wealthfront has registered its business with state and federal regulatory authorities, including the United States Securities and Exchange Commission (our SEC number is 801-69766). 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.

If you have any questions about the contents of this Brochure, please contact us at 888.227.5498 or support@wealthfront.com. Additional information about Wealthfront is also available on the SEC’s website at www.adviserinfo.sec.gov.

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Item 2 Material Changes

N/A (This is not Wealthfront's annual update.)

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Item 4 Advisory Business

A. General Description of the Firm

Wealthfront is an online advisory firm managing the website www.wealthfront.com (the “Site”) that has been in business since 2008, although earlier than 2010 it operated under the name kaChing Group Inc. Wealthfront is a privately held company without a 25% shareholder or “principal owner,” which means a person who owns and controls 25% or more of the firm. Additional information about Wealthfront’s ownership structure and directors is provided in Schedule A of Part 1A of Wealthfront’s Form ADV.

B. Summary of Wealthfront’s Advisory Services

Wealthfront offers a unique online financial advisor service based on modern portfolio theory that makes it possible for anyone to access state-of-the-art financial advice. We create an investment plan and manage a Client’s portfolio by seeking to identify: 1) the optimal asset classes in which to invest, 2) the most efficient and inexpensive ETFs or other investments to represent each of those asset classes, 3) the ideal mix of asset classes based on the Client’s specific risk tolerance, and 4) the most appropriate time to rebalance the Client’s portfolio to maintain intended risk tolerance and optimal return for the Client’s risk level. As described further in Item 8 below, we believe in full transparency and explain the entire methodology behind a Client’s investment plan, including the following:

1) Optimal Asset Class

Consistent with Modern Portfolio Theory, Wealthfront believes investors are likely to achieve superior long-term, risk adjusted returns if they continue to add uncorrelated asset classes to their portfolio until they reach diminishing returns. Wealthfront has simulated trillions of different combinations based on very granular allocation variations in each asset class under consideration to determine which ones added return while simultaneously reducing a portfolio’s volatility (risk). We ultimately chose domestic equities, foreign developed markets equities, emerging markets equities, fixed income, real estate and natural resources as our preferred asset classes. For certain eligible Clients, Wealthfront is planning to offer access to a seventh asset class (called “absolute return”) through a private partnership vehicle (the “Absolute Return Product”) that will invest in a fund of funds, which is invested in a basket of long/short hedge fund managers who intend to stay market neutral.

2) Efficient and Inexpensive ETFs

Wealthfront looks for ETFs that minimize cost and tracking error, offer ample market liquidity, and have conservative and shareholder-friendly securities lending policies.

3) Ideal Mix of Asset Classes that Represent the “Efficient Frontier”

Wealthfront asks each prospective Client a series of questions to evaluate the Client’s objective ability to tolerate risk and subjective willingness to take risk. We then use the answers to these questions to identify the mix of asset classes that maximize expected returns without exceeding a Client’s tolerance for risk. In addition, as discussed in Item 13 below, Wealthfront monitors each Client’s investments and rebalances periodically, taking into account the Client’s risk tolerance level.

C. Tailored Services and Investment Restrictions

Wealthfront tailors its online financial advisor service to the individual needs of each of its Clients, and subject to certain product features and account limitations that prospective investors should consider, as described further below in Item 7. Accounts for Clients (“Client Accounts” or “Accounts”) are opened and maintained according to a Client Account Agreement (“Account Agreement”) which describes the discretionary authority that a Client grants to Wealthfront.

In order to tailor its online financial advisor services to each Client, Wealthfront uses its Precision-Investing Platform™ to pinpoint an investor’s risk tolerance. Wealthfront asks each prospective Client a series of questions to evaluate both the individual’s objective ability to take risk and subjective willingness to take risk. We ask subjective risk questions to determine both the level of risk an individual is willing to take and the consistency among the answers. For example, if an individual is willing to take a lot of risk in one case and very little in another, then the individual is deemed inconsistent and is therefore assigned a lower risk tolerance score than the simple weighted average of her answers. We ask objective questions in order to estimate with as few questions as possible whether the individual is likely to have enough money saved at retirement to afford her likely spending needs. The greater the excess income, the more risk the Client is able to take.

D. Wrap Fee Programs

Wealthfront does not sponsor or participate in any wrap fee programs.

E. Assets Under Management

As disclosed in Wealthfront’s Form ADV Part 1, Wealthfront manages over \$33,700,000 in assets on a discretionary basis. This total is calculated using the closing U.S. market prices from November 30, 2011. Wealthfront does not manage assets on a nondiscretionary basis.

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Item 5 Fees and Compensation

A. Advisory Fees

Wealthfront is compensated for its advisory services by charging a fee based on the net market value of a Client's Account and the type of advisory services being provided. Wealthfront reserves the right, in its sole discretion, to negotiate, reduce or waive the advisory fee for certain Client Accounts for any period of time determined by Wealthfront. In addition, Wealthfront may reduce or waive its fees for the Accounts of some Clients without notice to, or fee adjustment for, other Clients.

Wealthfront's online financial advisor service does not charge a fee on a Client's first \$25,000 under management. On a monthly basis it charges an annualized fee rate of 0.25% on the amount of a Client's assets under management in excess of \$25,000.

Wealthfront will charge additional fees for the Absolute Return Product. On a monthly basis, Wealthfront plans to charge an additional annualized fee of 0.25% on those eligible Client assets invested in the Absolute Return Product, which fees will also be disclosed and described in the relevant offering documents. Furthermore, the fund of funds in which the Absolute Return Product invests will charge Clients an annual fee of 1% on assets invested in the Absolute Return Product, and those fees will be collected quarterly. Therefore, Clients invested in the Absolute Return Product should expect to pay annualized fees totaling 1.25% but only 0.25% of those fees will be to Wealthfront.

Wealthfront's fees are not charged in advance, and are calculated on a continuous basis and deducted from Client Accounts each month as follows: Wealthfront calculates a daily advisory fee, which is equal to the fee rate for the online financial advisor service multiplied by the net market value of the Client's Account as of the close of trading on the New York Stock Exchange ("NYSE") (herein, "close of markets") on such day, or as of the close of markets on the immediately preceding trading day for any day when the NYSE is closed, and then divided by 365 (or 366 in any leap year). The advisory fee for a calendar month is equal to the total of the daily fees calculated during that month (less any deductions or fee waivers, e.g., for the fee waiver on the first \$25,000 of assets) and is deducted from Client Accounts no later than the tenth business day of the following month.

B. Other Account Fees

Wealthfront is a "fee only" investment advisor, and other than its advisory fee, neither the firm nor its employees receive or accept any direct or indirect compensation related to investments

that are purchased or sold for Client Accounts. This means that Clients will not be sold products or services that create additional fees or compensation to benefit Wealthfront or its employees other than those described in this Brochure and on the Site. However, in addition to advisory fees, Clients may also pay other fees or expenses to third-parties. These fees fall into three categories: product fees, brokerage fees, and, for eligible Clients, fees related to the Absolute Return Product.

- 1) The issuer of some of the securities or products we purchase for Clients, such as ETFs or other similar financial products, may charge product fees that affect Clients. Wealthfront does not charge these fees to Clients, and does not benefit directly or indirectly from any such fees. An ETF typically includes embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Expenses of the fund may include management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer. Wealthfront discloses each ETF's current information, including expenses, on the Site.
- 2) Clients are charged commission and account fees by the brokerage firm which custodies Wealthfront's Clients' assets ("Broker"), as described further in Item 12 below. These fees are paid to Client's Broker and not to Wealthfront. Wealthfront does not earn a margin on such fees. Fees are subject to change, and may be affected by many variables, including: the type and size of the Account; the number and type of products; the length of time a Client holds the investments; the frequency of Account transactions; and the average price per share of securities in the Account.
- 3) Eligible Clients who invest in the Absolute Return Product will pay a management fee to any underlying hedge funds in which the Absolute Return Product invests. These fees will be disclosed to eligible Clients in any relevant offering materials.

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Item 6 Performance-Based Fees and Side-by-Side Management

Wealthfront does not charge performance-based fees. Our advisory fees are only charged as disclosed above in Item 5.

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Item 7 Types Of Clients

The minimum amount required to open and maintain a Wealthfront online financial advisor Account is \$5,000. In order to invest in the Absolute Return Product, eligible Clients will be required to maintain a total investment on Wealthfront of \$2.5 million, with at least \$500,000 of that total amount invested in the Absolute Return Product itself.

As a result of the automation associated with offering its services, Wealthfront makes it possible for retail investors, as well as retirement accounts and trusts, to access its service with much lower account minimums than normally available in the industry. Each Client has real-time access to her Account through the Broker's website (see Item 12), and access through her user account at the Site to all information that Wealthfront makes available for her Account. Additional requirements for opening an Account with Wealthfront are described in Item 4, above.

At any time, a Client may terminate an Account, withdraw all or part of an Account (subject to applicable minimums described on the Site, as well as the higher minimum and the redemption limits that may be applicable to the Absolute Return Product, which will be disclosed in the relevant offering documents), or notify Wealthfront that she wants to update her investment profile. In that case, unless otherwise directed by the Client, Wealthfront will sell the securities in the Client Account (or portion of the Account, in the case of a partial withdrawal) at market prices at the time of the termination or withdrawal.

Investors evaluating Wealthfront's online financial advisor service should be aware that Wealthfront makes certain practical and risk-oriented decisions that cause some Account restrictions and investment choices to be inherent to its service, as follows:

1. Wealthfront is an online financial advisor. Although Wealthfront makes individual representatives generally available to discuss servicing matters with Clients, each Client must acknowledge her ability and willingness to conduct her relationship with Wealthfront on an electronic basis. Under the terms of the Account Agreement, each Client agrees to receive all Account information and Account documents (including this Brochure), and any updates or changes to same, through her access to the Site and Wealthfront's electronic communications. Unless noted otherwise on the Site or within this Brochure, Wealthfront's advisory service, the signature for the Account Agreement, and all documentation related to the advisory services are managed electronically.
2. In order to provide its advisory services and tailor its investment decisions to each Client's specific needs, Wealthfront collects information from each Client, including specific information about her investing profile such as financial situation, investment experience, and investment objectives. Wealthfront maintains this information in strict confidence subject to its Privacy Policy, which is provided on the Site. When customizing its investment solutions, Wealthfront relies upon the information received

from a Client. Although Wealthfront contacts its Clients periodically as described further in Item 13 below, a Client must promptly notify Wealthfront of any change in her financial situation or investment objectives that might require a review or revision of her portfolio.

3. The online financial advisor service only includes a single ETF for each asset class within the plan recommended to a Client (with plans to offer the Absolute Return Product to eligible Clients). Wealthfront does not allow Clients to select their ETFs because each ETF and asset class is considered to be part of the overall investment plan. Investors with specific restrictions will not be permitted to become Clients.

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Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

For its online financial advisor service, Wealthfront provides Clients with financial advice that is based on Modern Portfolio Theory (MPT). MPT attempts to maximize a portfolio's expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by selecting the proportions of various asset classes rather than selecting individual securities. Historically, rigorous MPT-based financial advice has only been available through high-end financial advisors who typically require minimum account sizes of at least \$1 million and charge annual fees of at least 1% of assets under management. Wealthfront's goal is to enable anyone with at least \$5,000 to access the benefits of MPT.

Prior to the launch of the Wealthfront online financial advisor service, it was not practical to offer rigorous and complete MPT to everyone because delivering a complete solution was too complex. Specifically, the number of calculations required to identify an optimized asset allocation, the ideal securities to represent each asset class, and an individual's true risk tolerance are beyond the scope of free, web-based tools. The job becomes even more difficult when considering the importance of periodically rebalancing a portfolio to maintain a desired risk level.

To employ MPT properly, one must start with an accurate determination of an individual's objective and subjective tolerance for risk. Achieving accuracy requires sophisticated algorithms applied to more detailed questions than are typically asked by advisors. Based on this risk analysis, Wealthfront seeks to create an individualized investment plan using the optimal asset classes in which to invest, the most efficient and inexpensive ETFs to represent each of those asset classes, and the ideal mix of asset classes based on the Client's specific risk tolerance. Wealthfront's Precision-Investing PlatformTM uses a Mean Variance Optimizer to rigorously evaluate every possible combination of the following six asset classes: domestic equities, foreign developed markets equities, emerging markets equities, fixed income, real estate, and natural resources. A Mean Variance Optimizer uses the expected return and volatility for each asset class and the covariance among asset classes to find the combination that delivers what most academics agree is the highest possible return for any given standard deviation of a portfolio's returns.

Wealthfront periodically reviews the entire population of more than 1,000 ETFs to identify the most appropriate ETFs to represent each asset class. We look for ETFs that minimize cost and tracking error and offer ample market liquidity. Many investors don't realize that ETFs don't exactly track the indexes they were created to mimic. Choosing an ETF with a low expense ratio that does not track the asset class recommended by our service runs the risk of sub-optimizing a Client's portfolio's performance. We choose ETFs that are expected to have sufficient liquidity to allow Client withdrawals at any time. Finally, we select ETFs that have conservative and shareholder-friendly securities lending policies.

In addition to choosing what we believe to be the best ETFs at the time, we explain why we chose each one. We provide a detailed analysis of how the selected ETF stacked up against the second and third best choice for each asset class on the dimensions described in the paragraph above.

Wealthfront continuously monitors our Clients' portfolios and periodically rebalances them back to the Clients' target mix in an effort to optimize returns for the intended level of risk. In deciding when and how to rebalance, we incorporate both commission costs and tax implications.

RISK CONSIDERATIONS

Wealthfront cannot guarantee any level of performance or that any Client will avoid a loss of Account assets. **Any investment in securities involves the possibility of financial loss that Clients should be prepared to bear.**

When evaluating risk, financial loss may be viewed differently by each Client and may depend on many different risk items, each of which may affect the probability of adverse consequences and the magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective Client before retaining Wealthfront's services. These risks should be considered as possibilities, with additional regard to their actual probability of occurring and the effect on a Client if there is in fact an occurrence.

Market Risk – The price of any security or the value of an entire asset class can decline for a variety of reasons outside of Wealthfront's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. If a Client has a high allocation in a particular asset class it may negatively affect overall performance to the extent that the asset class underperforms relative to other market assets.

Advisory Risk – There is no guarantee that Wealthfront's judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. Wealthfront's judgment may prove to be incorrect, and a Client might not achieve her investment objectives. Wealthfront may also make future changes to the investing algorithms and advisory services that it provides. In addition, it is possible that Clients or Wealthfront itself may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to Wealthfront's online financial advisory service. Wealthfront and its agents are not responsible to any Client for losses unless caused by Wealthfront breaching its fiduciary duty. Advisory Risk may also be present in the underlying investments of the Absolute Return Product and will be disclosed in the relevant offering documents.

Volatility and Correlation Risk – Clients should be aware that Wealthfront's asset selection process is based in part on a careful evaluation of past price performance and volatility in order to evaluate future probabilities. However, it is possible that different or unrelated asset classes may exhibit similar price changes in similar directions which may adversely affect a Client, and

may become more acute in times of market upheaval or high volatility. **Past performance is no guarantee of future results, and any historical returns, expected returns, or probability projections may not reflect actual future performance.**

Liquidity and Valuation Risk –High volatility and/or the lack of deep and active liquid markets for a security may prevent a Client from selling her securities at all, or at an advantageous time or price because Wealthfront and the Client’s Broker may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. Some securities (including ETFs) that hold or trade financial instruments may be adversely affected by liquidity issues as they manage their portfolios. While Wealthfront values the securities held in Client Accounts based on reasonably available exchange-traded security data, Wealthfront may from time to time receive or use inaccurate data, which could adversely affect security valuations, transaction size for purchases or sales, and/or the resulting advisory fees paid by a Client to Wealthfront. Additional liquidity risks may also apply to the Absolute Return Product, as further described in the relevant offering documents.

Credit Risk – Wealthfront cannot control and Clients are exposed to the risk that financial intermediaries or security issuers may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy or insolvency, any of which may affect portfolio values or management. This risk applies to assets on deposit with any Broker chosen by Client, notwithstanding asset segregation and insurance requirements that are beneficial to Broker clients generally. In addition, exchange trading venues or trade settlement and clearing intermediaries could experience adverse events that may temporarily or permanently limit trading or adversely affect the value of Client securities. Finally, any issuer of securities may experience a credit event that could impair or erase the value of the issuer’s securities held by a Client. Wealthfront seeks to limit credit risk by generally adhering to the purchase of ETFs, which are subject to regulatory limits on asset segregation and leverage such that fund shareholders are given liquidation priority versus the fund issuer; however, certain funds and products may involve higher issuer credit risk because they are not structured as a registered fund.

Legislative and Tax Risk - Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment advisor or securities trading regulation; change in the U.S. government’s guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations (particularly for ETF securities dealing in natural resources). Wealthfront does not engage in financial or tax planning, and in certain circumstances a Client may incur taxable income on her investments without a cash distribution to pay the tax due.

Foreign Investing and Emerging Markets Risk - Foreign investing involves risks not typically associated with U.S. investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries. In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors not present in the U.S., such as restrictions on

receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than U.S. accounting practices and foreign regulation may be inadequate or irregular.

ETF Risks, including Net Asset Valuations and Tracking Error - An ETF typically includes embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Expenses of the fund may include investment advisor management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer. Wealthfront discloses each ETF's current information, including expenses, on the Site. ETF tracking error and expenses may vary. Furthermore, ETF performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because 1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable, and 3) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depositary Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations or valuation may be limited or inaccurate. Clients should be aware that to the extent they invest in ETF securities they will pay two levels of advisory compensation – advisory fees charged by Wealthfront plus any advisory fees charged by the investment advisor of the ETF. This scenario may cause a higher advisory cost (and potentially lower investment returns) than if a Client purchased the ETF directly.

Inflation, Currency, and Interest Rate Risks - Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. In addition, the relative value of the U.S. dollar-denominated assets primarily managed by Wealthfront may be affected by the risk that currency devaluations affect Client purchasing power.

Additional Risks of the Absolute Return Product

Some hedge funds, in which the Absolute Return Product may invest, may allocate investors' portfolios into securities of a particular industry or market sector. Clients with a large allocation in a particular type of security, industry or market sector might face additional concentration risks.

Some hedge funds may have higher portfolio turnover or trading activity than other Accounts, and the expense associated with this activity may increase costs and decrease portfolio performance.

Many small and medium-sized companies have a limited track record, and their securities may exhibit greater risk than securities of larger companies because they may 1) trade less frequently and in more limited volume, and/or 2) have insufficient resources necessary to implement their business plans or survive competition or economic turmoil.

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Item 9 Disciplinary Information

Like all registered investment advisors, Wealthfront is obligated to disclose any disciplinary event that might be material to any Client when evaluating our services.

We do not have any legal, financial, regulatory, or other “disciplinary” item to report to any Client. This statement applies to our firm and to every employee of our firm.

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Item 10 Other Financial Industry Activities and Affiliations

Wealthfront may utilize its wholly-owned subsidiary, Wealthfront Brokerage Corporation, to effect transactions on behalf of Wealthfront's Clients. Wealthfront Brokerage Corporation is an introducing broker registered with the Financial Industry Regulatory Authority and the U.S. Securities & Exchange Commission whose sole purpose is to service Wealthfront's Clients. Wealthfront Brokerage Corporation, as a broker-dealer, has entered into fully disclosed introducing clearing agreements with Interactive Brokers LLC ("IB") and Penson Financial Services, Inc. ("Penson") (IB and Penson together, the "Clearing Firms"). Wealthfront instructs the Clearing Firms, where applicable, to provide execution services for Clients' Account transactions pursuant to the authority the Client has given under the applicable Account Agreement.

Wealthfront Brokerage Corporation does not receive compensation in the form of commissions or fees by virtue of acting as a broker-dealer in effecting securities transactions for Clients' Accounts or with regard to assets held in Client Accounts.

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

Wealthfront's paramount ethical, professional, and legal duty is to act at all times as a fiduciary to its Clients. This means that Wealthfront puts the interests of its Clients *ahead of its own*, and carefully manages for any perceived or actual conflict of interest that may arise in relation to its advisory services. Wealthfront has adopted a Code of Ethics, which is designed to ensure that we meet our fiduciary obligation to Clients, enhance our culture of compliance within the firm, and detect and prevent any violations of securities laws.

Wealthfront's Code of Ethics is detailed in a Statement of Policies and Procedures ("Statement"), which establishes standards of conduct for Wealthfront's officers and employees ("Supervised Persons" as defined in the Statement) and is consistent with the Code of Ethics requirements of Rule 204A-1 under the Investment Advisers Act of 1940, as amended. The Statement includes general requirements that all Supervised Persons comply with their fiduciary obligations to Clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information.

Each new Wealthfront employee receives a copy of the Statement when hired by Wealthfront. Wealthfront sends copies of any amendments to the Statement to all Supervised Persons, who must acknowledge in writing having received the Statement and the amendments. Quarterly, each Supervised Person must confirm to Wealthfront that he or she has complied with the Statement during such preceding quarter.

Under the Statement, Wealthfront's directors and Supervised Persons may personally invest in securities recommended on the Site. Because such investing activity might otherwise present a conflict of interest with Client transactions, all Supervised Persons are prohibited from knowingly purchasing or selling securities immediately before or after the same security is bought or sold, respectively, for Clients' Accounts. An exception is provided for transactions in ETFs that have been approved for trading by Wealthfront's Chief Compliance Officer based on the security's liquidity profile and structural characteristics. Supervised Persons may also buy or sell specific securities for their own accounts that are not purchased or sold for Clients. Wealthfront monitors the securities transactions of all Supervised Persons and analyzes that information for unusual patterns and investigates any unusual patterns that it detects. It also requires all Supervised Persons to report any violations of the Statement promptly to Wealthfront's Chief Compliance Officer.

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Item 12 Brokerage Practices

Transaction and custody services for Wealthfront Accounts are available through Interactive Brokers, LLC and Penson Financial Services, Inc. each a “Broker.” In addition, as discussed in Item 10 above, Wealthfront Brokerage Corporation may act as an introducing broker-dealer in effecting securities transactions for Clients’ Accounts in which IB or Penson is providing trade execution and clearing services. **Wealthfront has secured wholesale commission rates on behalf of its Clients from IB and Penson, which means that they will not be charged any marked up fee or increased commission by Wealthfront or Wealthfront Brokerage Corporation related to Client transactions.**

Wealthfront seeks the best overall execution of transactions for Client Accounts consistent with its judgment as to the business qualifications of the various Brokers through which Wealthfront Accounts are available. Wealthfront obtains information as to the general level of commission rates being charged by the brokerage community from time to time, and will periodically evaluate the overall reasonableness of brokerage commissions paid on Client transactions by reference to such data to ensure competitive commission rates. “Best execution” means the best overall qualitative execution, not necessarily the lowest possible commission cost. Accordingly, the factors that Wealthfront considers when selecting or recommending brokers are matters that directly benefit Client Accounts, and consistent with obtaining the best execution of their transactions. These factors include: execution capability and available liquidity; timing and size of particular orders; commission rates; responsiveness; trading experience; reputation, integrity and fairness in resolving disputes; quality of their application programming interfaces and technology; and other factors.

Unlike many investment advisors, Wealthfront does *not* engage in any “soft dollar” practices involving the receipt of research or other brokerage service in relation to client commission money, nor do we receive any research or other products in connection with Client transactions. Wealthfront also does not use Client commission money to compensate or otherwise reward any brokers for client referrals.

In the interest of better trade execution, Wealthfront may, but is not required to, aggregate orders for a Client’s Account with orders of other Clients. Wealthfront may aggregate securities sale and purchase orders for a Client with similar orders being made contemporaneously for other Client Accounts. In such event, the average price of the securities purchased or sold in such a transaction may be determined and a Client may be charged or credited, as the case may be, the average transaction price. As a result, however, the price may be less favorable to the Client than it would be if similar transactions were not being executed concurrently for other Accounts.

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Item 13 Review of Accounts

Wealthfront provides all Clients with continuous access via the Site to real-time reporting information about Account status, securities positions and balances. Clients may also receive periodic e-mail communications describing portfolio performance, Account information, and product features.

Wealthfront's online financial advisor service assumes that a portfolio created using MPT-based techniques will not stay optimized over time, and must be periodically rebalanced back to its original targets to maintain the intended risk level and asset allocations. Wealthfront reviews each Client's Account when it is opened, and continuously monitors and periodically rebalances each Client's portfolio to seek to maintain a Client's targeted risk tolerance and optimal return for the Client's risk level. Wealthfront also conducts reviews when material changes may have occurred to a Client's portfolio or investment objectives. In deciding when and how to rebalance, we consider both commission costs and tax implications. On a quarterly basis, Wealthfront contacts each Client to remind them to review and update the profile information they previously provided. Wealthfront also requests that Clients reconfirm the same information on an annual basis. These notifications and confirmations include a link to the Client's current information and contact information for the Wealthfront support team. Currently the Wealthfront team members whose tasks include supervising, arranging and responding to these notifications, confirmations and reviews are: the Chief Compliance Officer, the General Counsel, and the President of Wealthfront Brokerage Corporation (with help from Client Support).

Wealthfront also conducts separate reviews related to the ETFs used for Client portfolios, and will also include reviews related to an additional asset class when it is offered, including, but not limited to, the Absolute Return Product. These reviews are approved by Wealthfront's Investment Committee, which has the authority, if necessary, to take action up to and including the removal or replacement of an ETF (or in an underlying investment of the Absolute Return Product) as recommended by Wealthfront's services.

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Item 14 Client Referrals and Other Compensation

Wealthfront expects from time to time to run promotional campaigns to attract Clients to open Accounts on the Site. These promotions may include additional Account services or products offered on a limited basis to select Clients, more favorable fee arrangements, and/or reduced or waived advisory fees for Clients.

These arrangements may create an incentive for a third-party or other existing Client to refer prospective Clients to Wealthfront, even if the third-party would otherwise not make the referral. These arrangements may also create a conflict of interest for a Client to maintain a certain level of assets managed through Wealthfront if doing so would result in eligibility to receive an incentive, bonus or additional compensation.

Wealthfront may also pay pre-determined fees to third-parties for driving new users to Wealthfront, which may be in the form of so-called CPM, CPC or CPA arrangements (respectively, impressions, clicks or actions through other websites).

If Wealthfront determines in the future to pay or compensate a third-party for Client referrals, Wealthfront will disclose this practice in writing to the Client and comply with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, to the extent required by applicable law.

Form ADV Part 2 Client Brochure

Item 15 Custody

Wealthfront does not maintain custody of any Client funds or securities. Each Client keeps her assets directly with her selected Broker, or in the case of the Absolute Return Product, directly with the underlying hedge fund(s)' custodian. This means that Wealthfront does not hold Client assets, and only provides instructions to a Client's Broker regarding the investment of the Client's assets.

Each Client will receive Account information directly from her Broker at her address of record on at least a quarterly basis, or in the case of the Absolute Return Product directly from its third-party administrator. Each Client should carefully review this information and compare it with information provided by Wealthfront when they are evaluating Account performance, securities holdings, and transactions. While Wealthfront reconciles trading information with Brokers on a regular basis and provides Account information to Clients on the Site, a Client may experience differences in the information due to pending transactions, dividends, corporate actions, cash movements or withdrawals, or other activity. Only the Broker's (or other third-party's) trading confirmations and statements represent the official records of a Client's Account.

Form ADV Part 2 Client Brochure

Item 16 Investment Discretion

Wealthfront requires that an Account Agreement be completed by a Client who decides to retain Wealthfront as her investment advisor. Under the terms of the Account Agreement, Wealthfront assumes full discretionary trading and investment authority over the Client's assets held at the Broker. This means that Wealthfront is given full authority under a power of attorney arrangement to select the timing, size, and identity of securities to buy and sell for the Client. Additional information about the Account Agreement and any limitations that a Client may place on Wealthfront's discretionary authority is in Items 4 and 7, above. Additional partnership and subscription documents will be required from those eligible Clients for the Absolute Return Product.

Form ADV Part 2 Client Brochure

Item 17 Voting Client Securities

Wealthfront does not have or exercise voting authority with respect to securities owned by Clients, but is currently implementing a system to vote our Clients' proxies on their behalf. Clients receive their proxy information directly from their Broker, and may contact Wealthfront with questions at support@wealthfront.com.

Form ADV Part 2 Client Brochure

Item 18 Financial Information

This Item is not applicable because Wealthfront does not require or solicit the prepayment of any advisory fees, and does not have any adverse financial condition that is reasonably likely to impair our ability to continuously meet our contractual commitments to our Clients.



203 Forest Avenue
Palo Alto, CA 94301

www.Wealthfront.com

Form ADV Part 2B
Client Brochure Supplement

February 28, 2012

This Brochure Supplement provides information about certain Wealthfront employees listed below that supplements the Wealthfront Brochure you should have received above. Please contact Wealthfront at 888.227.5498 or support@wealthfront.com if you did not receive Wealthfront's Brochure or if you have any questions about the contents of this Brochure Supplement. Additional information about E.J. Borrack is available on the SEC's website at www.adviserinfo.sec.gov.

Wealthfront's discretionary investment advice is provided by a team comprised of more than three Supervised Persons, and Wealthfront has provided group supplementary information below for the three Supervised Persons with the most significant responsibility for the day-to-day advice provided to Clients.

Andrew Rachleff, born 1958

Education

BS, University of Pennsylvania, 1980

MBA, Stanford University Graduate School of Business, 1984

Business Background

1995 –2010 General Partner, Benchmark Capital

2005 – present Lecturer, Stanford University Graduate School of Business

2007 – present President & CEO, Wealthfront Inc.

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Mr. Rachleff is the President & CEO of Wealthfront, and as such is not subject to additional supervision.

Daniel Carroll, born 1981

Education

BS, University of Arizona, 2003

Business Background

2004–2006 Interest Rates Product Trader, Refco Trading LLC

2006–2007 Fixed Income Sales Specialist, FactSet Research Systems Inc.

2008 – present VP, Business Development, Wealthfront Inc.

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Mr. Carroll is supervised by Mr. Rachleff pursuant to Wealthfront's policies and procedures.

E. J. Borrack, born 1964

Education

BA, University of Pennsylvania, 1986

JD, University of Pennsylvania School of Law, 1990

Business Background

2003 – present CCO, Farley Capital II L.P.

2009 – 2011 CCO, Wealthfront Inc.

2011 – present General Counsel, Wealthfront Inc.

Disciplinary Information

None

Other Business Activity

Ms. Borrack is the Chief Compliance Officer of Farley Capital II L.P., an investment advisor located in N.Y., New York. There is no business relationship between Farley Capital II L.P. and Wealthfront.

Additional Compensation

None

Supervision

Ms. Borrack is supervised by Mr. Rachleff pursuant to Wealthfront's policies and procedures.

State Registration Disclosure

Ms. Borrack has not been involved in any bankruptcy, arbitration, civil litigation or other industry matter that would require disclosure.

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