



Acorns Advisers, LLC

19900 MacArthur Blvd. Suite 500

Irvine CA 92612

www.acorns.com

Wrap Fee Brochure

This wrap fee program brochure provides information about the qualifications and business practices of Acorns Advisers. If you have any questions about the contents of this brochure, please call Acorns Advisers at (855) 739-2859 or email Acorns Advisers at support@acorns.com. 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 Acorns Advisers also is available on the SEC's website at www.adviserinfo.sec.gov.

October 31, 2018

Material Changes

This Wrap Fee Program Brochure (“Brochure”) is dated October 31, 2018. The following information provides a summary of material changes that have been made to this Brochure since the last update on April 19, 2018:

Portfolio Management:

Reasonable Management Restrictions:

Clients may choose to impose reasonable management restrictions on their account by excluding one of the ETFs that otherwise comprise a Selected Portfolio after carefully reviewing and analyzing all pertinent information available on the Acorns Website or through the Application about the Selected Portfolio. Clients may request to exclude from or re-include in your Selected Portfolio an ETF at any time by emailing support@acorns.com.

Manner and Timing of Portfolio Rebalancing: Acorns rebalances when the holdings of the account significantly deviate” from the selected target asset allocation in order to keep the holdings within each client’s portfolio within a specified range of the target asset allocation, even when the market prices of the ETFs fluctuate. In general, Acorns rebalances whenever the percentage holding of one or more ETFs fluctuates 5% above or below its target allocation. The rebalancing process is completely automated and not limited to number or frequency of rebalances.

Participation or Interest in Client Transactions and Potential Conflicts of Interest

Pre-Clearance of Employee Trading in private placements and IPOs: Acorns requires all of its access persons and certain other employees to pre-clear personal securities transactions in private placements and initial public offerings.

Brokerage and Custody

Because Clients select Acorns Securities as the broker for their account, they will benefit from savings on execution costs that would not be available without negotiated volume discounts or batched orders. Additionally, there are instances where aggregating orders will be the only means of creating an order that is in whole shares. All Clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rata basis.

Method of Analysis, Investment Strategies and Risk of Loss:

Acorns investment advice is primarily based on the idea that long-term investing in low cost passive index-based ETFs generally outperform high cost (e.g., alpha-seeking) active funds while diversification across asset classes reduces the volatility of investment performance. The Investment Committee (the “Committee”) of Acorns Advisers, LLC. oversees the portfolios, the investment policy, and asset allocation of the model portfolios that Acorns Advisers, LLC. manages on behalf of its investors. In addition, the Committee performs the analysis of investment modeling and compiles research to assist in portfolio construction. When selecting and monitoring investments, Acorns considers qualitative and quantitative factors. Acorns does not guarantee any level of performance or that any Client will avoid losses in his or her Account(s). Any investment in securities involves the possibility of financial loss.

Voting Client Securities: Acorns shall have no right under the Program to vote proxies, and shall not vote, any ETF Shares in customer portfolio accounts. Customers shall receive proxy materials directly from a third-party vendor on behalf of Acorns and are responsible for voting the ETF Shares in their Portfolio Account.

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General Information

Acorns Advisers LLC (Acorns) offers the Acorns Advisers Wrap Fee Program (the Program) to prospective clients. We are registered with the SEC as an Investment Adviser. Our principal office is at 19900 MacArthur Blvd., Suite 500, Irvine, CA 92612. For questions, please call Acorns at (855) 739-2859 or email at support@acorns.com.

Program Description

Acorns offers an easy way to regularly invest small and large amounts of money. Acorns offers a computer software-based algorithm that provides clients investment advice on allocations of exchange-traded funds (ETFs) based on personalized information that each client enters through the website or application. We place orders with our affiliated broker, Acorns Securities, LLC (Acorns Securities), to buy, rebalance, and sell the allocation each client selects. By combining brokerage and advisory services into the Program, Acorns simplifies the investment process for its customers. Acorns will interact with clients using a software application developed by its parent company, Acorns Grow, Inc. The Program was designed for early adoption of non-retirement savings and retirement savings but does not incorporate overall financial or tax planning.

Portfolio Management

Acorns manages client portfolios in the Program with strategies based on Modern Portfolio Theory. Dr. Harry Markowitz, the Nobel Prize winning economist and founder of Modern Portfolio Theory, serves on the Acorns Advisory Committee. Acorns constructs, revises, and recommends model portfolios with target asset allocations of equity and fixed-income ETFs. Then, initial allocations are determined by the software-based algorithm, which selects among the target asset allocations based on information from clients about their financial situation and risk profile.

When a client deposits money, Acorns constructs a combination of ETF purchases to align his or her account along the corresponding target asset allocation. Upon a client's request to withdraw money, a combination of ETF sales is initiated while continuing to pursue the

corresponding target asset allocation. Clients may manually select one of the target asset allocations other than the one recommended or currently in effect. As clients deposit or withdraw money the corresponding transactions will rebalance to pursue the modified target asset allocation. If the holdings of the account significantly deviate from the newly selected target asset allocation, then Acorns will initiate a rebalancing to bring the holdings within an acceptable range of the target asset allocation.

The Acorns algorithm is designed to keep the holdings within each client's portfolio within a specified range of the target asset allocation, even when the market prices of the ETFs fluctuate. Acorns clients agree to rebalance holdings automatically and to re-invest dividends automatically. Acorns rebalances when the holdings of the account significantly deviate" from the selected target asset allocation in order to keep the holdings within each client's portfolio within a specified range of the target asset allocation, even when the market prices of the ETFs fluctuate. In general, Acorns rebalances whenever the percentage holding of one or more ETFs fluctuates 5% above or below its target allocation. The rebalancing process is completely automated and not limited to number or frequency of rebalances. As a result, there is a possibility that Acorns may sell overrepresented ETFs and use the proceeds to buy underrepresented ETFs to bring portfolios towards its target allocation without taking into account individual tax consequences or market circumstances.

The risks and limitations of this automated process could result in the continued purchase of underperforming ETFs and sale of better performing ones in order to achieve the targeted allocation in varying market conditions and may create unintended capital gains tax liabilities.

Acorns provides investment advisory services only through the Program. Clients should consider which, if any, of the portfolios offered through the Program results in the best allocation for their specific financial circumstances.

The Program is designed for investments in ETFs allocated so that the resulting holdings tend to replicate one of the Portfolios over time. Acorns designed the selection and relative weighting of the ETFs in each of the Portfolios to pursue specific investment objectives, including diversification. Removing any ETF from any of the Portfolios will change the weightings of ETFs in the resulting altered portfolio in a way that deviates from Acorns' investment advice and may adversely impact performance.

Notwithstanding the foregoing, clients may choose to impose reasonable management restrictions on their account by excluding one of the ETFs that otherwise comprise a Selected Portfolio after carefully reviewing and analyzing all pertinent information available on the Acorns Website or through the Application about the Selected Portfolio. Clients may request to exclude from or re-include in your Selected Portfolio an ETF at any time by emailing support@acorns.com. Due to the relatively small number of ETFs in each of the Portfolios, it would not be reasonable to request the exclusion of more than one ETF from any Portfolio and Acorns may choose not to honor such a request. If an ETF is excluded from a Selected Portfolio, the remaining ETFs in the Selected Portfolio will be allocated relative to each other in the same proportions that they are allocated relative to each other in the Portfolio on which the selected Portfolio is based. Excluding an ETF from a Selected Portfolio may adversely impact its performance and may not be suitable with respect to a client's investment objectives, risk tolerance, age, financial condition, or other facts or circumstances.

Subscription Fees

Acorns' clients pay a Subscription Fee for personal use of the Acorns' web or mobile application. The Subscription Fee covers all includes advisory services, execution, clearance, custody, account reporting, and, if applicable, the services of the IRA Custodian and Administrator. The fees are not negotiable. The amount of the Subscription Fee depends on whether you have an Acorns Core Account (taxable brokerage account), an Acorns Later Account (individual retirement account) or both and on your Combined Monthly Balance. The Subscription Fee will amount to whichever of the following applies:

- If your only account in the Program is an Acorns Core Account with a Monthly Core Balance on the Fee Date of less than \$1,000,000, \$1;
- If you have at least one Acorns Later Account and a Combined Monthly Balance on the Fee Date of less than \$1,000,000, \$2, regardless of whether you have an Acorns Core Account and regardless of how many Acorns Later Accounts you have; and
- If your Combined Monthly Balance on the Fee Date is \$1,000,000 or more, \$100 per \$1,000,000 of Combined Average Daily Balance on the Fee Date (for the avoidance of doubt, the Subscription Fee in that scenario will be one hundredth of one percent (.01%) of the number obtained by rounding your Combined Average Daily Balance down to the nearest whole multiple of \$1,000,000).

Clients should be aware that Acorns is designed with frequent investing in mind. The fee structure may not be appropriate for individuals looking to make few or infrequent small-dollar investments.

The Subscription Fee is charged monthly in arrears and paid by a recurring monthly ACH debit and electronic funds transfer that will deduct money from a connected Funding Source.

Transaction costs are absorbed by Acorns as part of the Program. Clients may find the advisory and other services that comprise the Program may exceed the costs of similar services purchased separately.

The ETFs recommended by Acorns have fees that are separate and distinct from the fees paid to Acorns for its wrap fee program. These fees are outlined in the prospectus for each ETF. Acorns reserves the right to waive any fees associated with the Program at its sole discretion. The firm does not charge performance fees.

Brokerage and Custody Services

Acorns will use its affiliated broker-dealer, Acorns Securities, as the clearing firm for its clients' accounts. Clients agree to direct brokerage in their accounts with Acorns Securities. Acorns Securities will be responsible for providing confirmations and statements. It will utilize RBC Capital Markets, LLC as a custodian to hold clients' funds and ETF shares in safekeeping and to execute, clear, and settle ETF trades on an omnibus basis. Acorns will use IRA Services Trust Company to serve as IRA Custodian and Administrator of Individual Retirement Accounts. The firm does not engage in soft dollars, directed brokerage, etc.

Because Clients select Acorns Securities as the broker for their account, they will benefit from savings on execution costs that would not be available without negotiated volume discounts or batched orders. Additionally, there are instances where aggregating orders will be the only means of creating an order that is in whole shares. In any event, Acorns realizes that conflicts and restrictions exist for aggregating orders of various Client types, such as individuals, with the orders on behalf of accounts advised by Acorns in which we, our employees and/or principals have economic interests ("proprietary accounts").

All Clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rata basis. Acorns will aggregate transactions consistent with its duty to seek best execution and the terms of Adviser's investment advisory agreement with each Client for which trades are being aggregated. Under no circumstances will advisory Client be favored over any other Client. Additionally, each that participates in an aggregated order will participate at the average share price for all Adviser transactions in that security on a given business day. Acorns will prepare, before entering an aggregated order, an Allocation Sheet specifying the participating Omnibus accounts and how it intends to allocate the order among those Clients. If the aggregated order is filled in its entirety, it will be allocated among Clients in accordance with the Allocation Sheet. If the order is partially filled, it should be allocated pro-rata based on the Allocation Sheet. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Sheet to ensure that all Client accounts receive fair and equitable treatment and any reason for different allocation will be documented in writing.

Account Requirements and Types of Clients

The Program is available to individuals who are legal U.S. residents and maintain a checking account with a U.S. bank. There are currently two types of investment accounts in the Program: Acorns Core Accounts and Acorns Later Accounts. Acorns Core is a taxable securities brokerage account. Acorns Later is an individual retirement account. There is no minimum account size, and the minimum deposit is \$5.

Method of Analysis, Investment Strategies and Risk of Loss

Acorns investment advice is primarily based on the idea that long-term investing in low cost passive index-based ETFs generally outperform high cost (e.g., alpha-seeking) active funds while diversification across asset classes reduces the volatility of investment performance. The

Investment Committee (the “Committee”) of Acorns Advisers, LLC. oversees the portfolios, the investment policy, and asset allocation of the model portfolios that Acorns Advisers, LLC. manages on behalf of its investors. In addition, the Committee performs the analysis of investment modeling and compile research to assist in portfolio construction.

Acorns employs a variety of methods and approaches when considering portfolio investments and making recommendations. Furthermore, when selecting and monitoring investments, Acorns considers qualitative and quantitative factors. The primary sources of information for such considerations include, among others, data provided by third-party data providers. The ETFs made available through the Program represent broad holdings of stocks and bonds and generally replicate an asset class or indexes like the S&P 500 or Dow Jones Industrial Average. The portfolios represent different strategies (e.g., conservative, moderately conservative, moderate, moderately aggressive, and aggressive) with a mixture of asset classes (e.g., large company stock, small company stocks, real estate, government bonds, corporate bonds, international stocks) and industries (e.g., healthcare, defense, consumer). Quantitative factors may include adherence to fund objectives, performance, volatility, liquidity, and expenses. No single factor will determine whether an ETF should be added, retained, or eliminated; however, certain factors may carry more weight than others in the final analysis.

Acorns does not guarantee any level of performance or that any Client will avoid losses in his or her Account(s). Any investment in securities involves the possibility of financial loss. When evaluating risk, financial loss may be viewed differently by each Client and may depend on many different risk factors that change over time. Clients need to understand that investments in Acorns Accounts are subject to various market, volatility, liquidity, asset-specific, and other risks inherent in investing. The investment decisions Clients ma

ke based on Acorns’ advisory services will not always be profitable nor can Acorns guarantee any particular level of investment performance. Clients should remember that past performance is no guarantee of future results. All investments carry some level of risk. Clients may lose some or all of the money they invest, including the principal, and should be prepared to bear the loss of assets invested. ETFs are subject to the fees and expenses of the ETF, which may include a management fee, other fund expenses and a distribution fee. A Client’s positions in ETFs are subject to a number of risks associated with the management and market conditions of the ETF.

Portfolio Manager Selection and Evaluation

Acorns directly manages client portfolios in the Program.

Client Information Provided to Portfolio Managers

Acorns manages all client portfolios directly using its interactive software application and algorithm and does not use external or individual portfolio managers. At account opening, clients provide age, financial condition, employment status, investment objectives, time horizon, and risk tolerance which the algorithm considers for selecting target asset allocations. Acorns may require clients who accumulate investments exceeding specified amounts to provide additional information regarding their financial circumstances.

Client Contact with Portfolio Managers

Clients are encouraged contact Acorns via email or chat. Access to investment advisory personnel is generally limited to normal business hours. However, Acorns primarily provides investment advice through its online interactive software application.

Disciplinary Information

The firm and its advisers do not have any legal or disciplinary events.

Other Financial Industry Activities and Affiliations

The firm and its advisers do not have any other financial industry activities and affiliations.

Code of Ethics

Acorns' Code of Ethics requires officers, employees, and affiliates to put client's interest first and to uphold objectivity, confidentiality, competence, fairness and suitability, integrity and honesty, compliance, and professionalism. Acorns will provide a copy of its Code of Ethics to any client upon request.

Participation in Client Transactions and Potential Conflicts of Interest

Acorns and individuals associated with Acorns may buy or sell securities for their personal accounts that are identical to or different than those recommended to clients.

Acorns requires all of its access persons and certain other employees to pre-clear personal securities transactions in private placements and initial public offerings.

Review of Accounts

Acorns reviews accounts on a limited basis monthly for accounting purposes. Further, reviews occur quarterly for rebalancing purposes. Clients are encouraged to update Acorns of any change in their objectives and financial circumstance.

Client Referrals and Other Compensation

Acorns offers compensation to current clients and solicitors for referring new clients. New clients are advised of the compensation before opening the account. Referring clients and solicitors must adhere to terms and conditions established by Acorns and set forth in an agreement with Acorns in accordance with Securities and Exchange Commission Rule 206(4)-3 under the Investment Advisers Act of 1940. Referrals can only be made within the Acorns' application or website. Clients are not charged any fee or other costs for being referred to Acorns by a current client, marketer or solicitor. Acorns or an affiliate may also pay advertisers for driving new users to Acorns, based on the number of impressions (i.e., the number of displays of an advertisement to a user while viewing a web page).

Acorns or one or more of its related persons may receive compensation from retailers in connection with certain promotions, in which Acorns or one or more of its related persons refers Acorns clients to the retailers for the purchase of non-investment consumer products or services (e.g., clothing or flowers). Acorns or one or more of its related persons transfers a portion of the compensation received in connection with such promotions into the applicable client's account, at no cost to the client, to fund the purchase of additional investments for the client.

Termination of Advisory Relationship

This client agreement may be canceled at any time, by either party, for any reason. Upon termination of an account, unpaid fees will be due and payable.

Voting Client Securities

Acorns shall have no right under the Program to vote proxies, and shall not vote, any ETF Shares in customer portfolio accounts. Customers shall receive proxy materials directly from a third-party vendor on behalf of Acorns and are responsible for voting the ETF Shares in their Portfolio Account.

Privacy

Acorns is committed to maintaining the confidentiality, integrity and security of any personal information about our users. Acorns stresses its privacy and security standards to guard against identity theft and provide security for your personal information. We re-evaluate our privacy and security policies periodically and adapt them as necessary to deal with new challenges. Acorns

uses and discloses your personal information only as follows: to analyze site usage and improve the service to deliver to you any administrative notices, money alerts, and communications relevant to your use of the service; to fulfill your requests for certain products and services; to service providers including custodians, broker-dealers, transfer agents, and accountants that agree to be bound by these privacy restrictions; to enforce Acorns' Terms of Use; and as otherwise set forth in the Privacy and Security Policy.