



## **Form ADV, Part 2A, Appendix 1**

**Item 1 – Cover Page**

# **WRAP PROGRAM BROCHURE**

## **SoFi Wealth Portfolio Management Program**

**SOFI WEALTH, LLC**

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June 7<sup>th</sup>, 2018

This wrap fee program Brochure provides information about the qualifications and business practices of SoFi Wealth, LLC (“SoFi Wealth” or “SW”). If you have any questions about the contents of this Brochure, please contact Alan Carlisle, Chief Compliance Officer, at (855) 525-7634. 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 SoFi Wealth also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

SW is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

## **Item 2 – Material Changes**

Under SEC Rules, you will receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year, which is in December. We may also provide you with a new Brochure or other ongoing disclosure information about material changes as necessary, without charge.

Since filing the last Annual Amendment to this Brochure in April 2018, we have made the following material changes.

- Item 9(e) was updated to disclose the payment of referral fees to affiliate marketing companies.

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#### **Item 4 - Services, Fees and Compensation**

SW provides investment advice to individual investors utilizing their proprietary software along with an experienced investment team to advise clients on general asset allocation for a fee. This is done on a discretionary basis. 100% of SW's advisory clients will be invested in the portfolio management program.

SW services are delivered through its website, SoFiWealth.com. Clients use the site to create a plan to achieve certain financial goals and select the portfolio in which they are invested as part of that process. The proprietary process involved in creating this plan is an integral part of our service.

SW will manage portfolios and perform certain advisory functions with respect to each portfolio. This includes recommending asset allocation portfolios to investors and providing portfolio rebalancing services.

SW is authorized to, among other things:

- Recommend asset allocation models to investors after evaluating their risk profiles through our online risk-evaluation system, also referred to as the Goals, Risk and Objectives Exercise. Through a series of questions, SW reasonably identifies appropriate risk profiles and creates portfolios for our clients, which allow us to manage client risk;
- Identify optimal security choices for our clients in order to minimize trading costs and other fees; we continuously evaluate a range of securities' performance in order to determine if we should replace an asset class or implement an additional asset class in our client's portfolios;
- Determine optimal times for portfolio rebalancing that not only returns the client to the appropriate risk profile but can also be leveraged to minimize trading costs, minimize other fees, and incorporate tax-loss harvesting in the same process;
- Identify asset classes and equity securities which are optimal considering the specifics of a client's account: for instance, minimizing tax inefficient securities in taxable accounts while maximizing their potential in tax-deferred accounts. The election of a non-qualified or qualified account will result in different allocations and underlying holdings, but models with a risk tolerance band will have similar risk and return characteristics;
- Perform strategies such as tax-loss harvesting, where applicable, in order to reduce a client's tax burden for a given year in any taxable account;
- Lend securities through Apex Clearing Corporation's Fully-Paid Securities Lending Program and receive revenue from such activity under the terms of the Master Securities Lending Agreement.
- Identify and evaluate the timing and method of disposition or liquidation of investments, select and determine investments to be disposed of or liquidated, and cause an investor to dispose of or liquidate investments in accordance with the terms of the Advisory Agreement in order to facilitate allocation remodeling;

- Engage personnel to assist the Investment Adviser in providing investment advisor services, including, without limitation, legal counsel, consultants, accountants, investment bankers, financial planners and sub-investment advisers;
- Incur expenditures as the Investment Adviser determines to be appropriate in furtherance of the purpose of the best interest of investors, and, to the extent that the funds of an investor are available, pay all expenses, debts and obligations;
- Perform such other duties, activities, functions and all other similar things necessary to achieve, implement or facilitate any of the foregoing provisions in the United States as well as foreign jurisdictions.
- Collect fees from clients under the terms of the Advisory Agreement.

There is no limitation or restriction on the ability of SW or any of its Affiliates to act as an investment manager (or in a similar role) for other persons. This and other future activities of SW and its Affiliates may give rise to conflicts of interest.

Clients invested in the portfolio management program are charged a single, all-inclusive fee for portfolio management, brokerage, custodial, recordkeeping and other services associated with managing the account. Apex Clearing, a registered broker and member of FINRA, also provides brokerage services to the portfolio management program.

When providing asset management services, SW requires discretionary authority over your account. You must designate our discretionary authority in our written client agreement. We will then have the authority to select investments for your account(s) without obtaining your consent for each transaction.

Clients must appoint our firm as their investment adviser of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under the client’s name. The qualified custodian maintains physical custody of all funds and securities of the Account, and the client retains all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account. Please see Item 12 for more information.

It is important for clients to understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client’s benefit.

## Brokerage Practices

Clients are required to utilize the brokerage services of our affiliate, SoFi Securities, a member of FINRA and SIPC, which acts as an introducing broker-dealer (or agent for custody) in effecting securities transactions for Clients' Accounts in which Apex Clearing provides trade execution and clearing services. Apex Clearing is an unaffiliated broker-dealer, member FINRA and SIPC.

Not all investment adviser firms require the use of a particular broker/dealer. However, for operational and compliance purposes, we have made the decision to provide all asset management services through one brokerage, custodial platform. Please understand you are not required or obligated to utilize our services and therefore you are not required or obligated to open an account with SoFi Securities and Apex Clearing. However, if you do not want to use SoFi Securities or Apex Clearing, we are unable to provide our asset management services.

SW 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 SW accounts are available. SW 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 SW 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.

SW receives economic benefits from Apex Clearing, including revenue from lending securities in client accounts. There is no direct link between this revenue and the investment advice it gives to its Clients. Apex Clearing may also have paid for business consulting and professional services received by SW's related persons. Some of the products and services made available by Apex Clearing through the program may benefit SW but may not benefit its Client accounts. These products or services may assist SW in managing and administering Client accounts, including accounts not maintained at Apex Clearing.

Other services made available by Apex Clearing are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Apex Clearing. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of Apex Clearing for custody and brokerage services.

SW aggregates orders for a Client's Account with orders of other Clients. SW 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.

### **Fee schedule**

SW charges a percentage of assets under management in the form of “basis points”, or hundredths of one percent, as a management fee, which is disclosed in the Fees disclosure on our website. The annual fee is generally calculated as follows:

Accounts valued under \$10,000 – no SoFi management fee is charged  
Accounts valued \$10,000 or over - 25 basis points (or 0.25%)

This fee may change from time to time and is charged quarterly in arrears. Fees and offers may change with at least 30 days’ advance notice.

Such management fees are not negotiable, but SW may waive all or part of the fee, permanently or for a period of time, at their sole discretion based on a client’s prior relationship with SW or any affiliate, the amount of AUM, or for any other reason. The management fee is waived for clients who have borrowed money from an affiliate, such as SoFi Lending Corp, for the duration of the client’s loan. Although the Management Fee is not refundable, SW may elect to reduce, otherwise modify or waive the Management Fee with respect to any investor.

Advisory fees are billed at the end of each quarter (April, July, October, and January) in arrears for any month or part thereof in which the client is in the SW program. The fee is calculated as an Average Daily Balance (“ADB”) of the subject account during the respective billing period. Accounts may be closed at any time without penalty. Any fees are paid to SW.

SW may also receive revenue for lending client securities under the terms of the Master Securities Lending Agreement. This revenue may be used to offset discounts in management fees. See the Fully Paid Lending Disclosures for additional information.

The single, all-inclusive fee for portfolio management, brokerage, custodial and recordkeeping services may cost the client more or less than the cost of purchasing these services separately. The primary factor affecting the comprehensive fee is the provision by SW of individualized investment advice and portfolio management services tailored to needs of each individual.

SW generally does not receive any sales commissions, 12b-1 fees or other fees from mutual funds and ETFs for investing such funds on behalf of advisory clients. Investors may be charged incidental fees for certain services provided by our clearing firm such as IRA administration and sending paper statements or confirms (electronically delivered documents are free). These fees may change from time to time and are listed under our Fees link on the SW website.

Investors in ETFs also pay ETF fees in addition to the comprehensive wrap fee. An ETF price 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 an ETF 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. These fees are disclosed in the fund prospectuses which are available through links on the SW website.

### **Item 5 - Account Requirements and Types of Clients**

SW's clients will be individual investors, including individuals, high net-worth individuals, trusts, and estates. The minimum commitment of an Investor in a portfolio will be \$500 or the client may invest as little as \$100 per month via ACH transfers, except as approved by SW. SW leverages its technology platform in order to allow for smaller client minimums as we rely on our robust risk and portfolio management systems to develop optimal portfolios for our clients.

SW relies heavily on technology to perform investment management services. SW Clients are made aware of the following when utilizing SW's software based [investment advisory?] services via this disclosure document:

- Clients of SW agree to rely primarily on the SW website for their account information, including, but not limited to, their positions, profits and losses, account value, account performance, statements, and confirmations. However, quarterly or monthly statements as well as trade confirmations will be provided electronically to the client by the clearing broker-dealer on the SW website;
- Clients of SW agree that their risk profile is created through our profiling system, and this information is used to map clients to their recommended portfolios. All client risk profiling information is confidential. We recommend that clients re-evaluate their risk profile if any of their circumstances have changed in a material way. This will allow SW to quickly recommend a new portfolio, and to establish the client in those new positions;
- Typical investments in the SW wrap program will be ETFs, and SW will focus on ETFs with low expense ratios and high liquidity, while still sufficiently tracking their underlying indices. However, SW is not limited in what it may recommend to its clients, and may offer additional services outside the wrap program that may include positions in individual equity securities, debt securities, futures, foreign exchange, options, and commodities in order to meet client objectives. Client accounts that include products outside of ETFs will be subject to higher supervision, higher fees, and require the client be sufficiently sophisticated to understand and be able to afford the risks of these strategies.

### **Item 6 - Portfolio Manager Selection and Evaluation**

#### **a. Portfolio Management**

Portfolio Management, investment selection, and ongoing governance will be provided by an investment committee consisting of John Gardner CFA®, General Manager of Wealth, and Ashish Jain, Senior Vice President of Capital Markets. The SoFi Board of Directors and executive management team provides corporate oversight and governance.



**b. Advisory Business**

SoFi Wealth uses a Goals, Risk and Objectives Exercise and an asset class based strategic asset allocation to create a plan for clients to reach their financial goals. We begin by gathering information about the client. Next, we gather information the client's goals and the amounts they intend to invest to reach those goals. We then use target-specific strategic asset allocation to formulate an investment strategy that helps them reach those goals. Finally, we help them implement the plan by creating and managing a portfolio based on the target they selected. Algorithms are utilized to assess the risk tolerance of a client and to recommend an asset allocation.

The underlying principle of SoFi Wealth is that instead of trying to beat the market, investors should focus on their goals and let the market work for them. We offer a prudent, strategic approach designed to help investors achieve their lifetime financial goals. Our approach offers three benefits over more aggressive approaches:

1. It focuses your investment portfolio on your most important life goals rather than short-term market trends.
2. It is based on academic research.
3. It is a disciplined approach that helps protect against some common behavioral mistakes that can compromise your long-term financial goals.

We believe we offer investors a more sophisticated approach than simple indexing or trying to outguess the market.

SW will recommend one of our investment strategies based on the client's risk profile and our own analysis of the global market. We will establish our client's risk profile based on their age, income, and other factors, then recommend the investment strategy we feel is the best match for the client to reach his or her goals. Clients may accept our recommendation of the investment strategy or select a different one.

The recommendation of a given investment strategy is heavily dependent on the information provided to SW during the risk profile component of the account opening and during subsequent client update requests, which are transmitted to all clients annually. A client may also log in to their account at any time and provide updated information. If inaccurate information is provided or if a client fails to respond to update requests, the quality and reliability of advice could be materially impacted. There may be certain factors or variables which have not been included in the Goals, Risk and Objectives Exercise, some of the questions are over-generalized, ambiguous or designed to fit a pre-determined option and consequently the output may not be right for all of a client's needs or goals. SW recommends investment strategies based on risk assumptions that are correlated primarily to the age of the investor and do not consider assets or objective outside of the stated client goal. The limitations of such a "target date" derived algorithm should be considered in the evaluation of services provided by the Firm.

Client contribution plans, the investment strategy along with their savings and goals, are subjected to a Monte Carlo analysis to determine the probability of success. The client may change their goals, contribution level, and the level of risk they wish to take with their

investments to improve the probability of success and create a plan that works for them. Once they have chosen an investment strategy, they open an account, fund it electronically, and we implement their plan by investing in the investment strategy.

Portfolios are periodically rebalanced. This rebalancing may include tax loss harvesting. The Investment Committee may alter the mix of a given investment strategy from time to time, either by altering the percentages of existing ETFs or replacing one or more ETFs in the portfolio. The algorithms described prior and/or a zero neutral allocation to cash might rebalance client accounts without regard to market conditions and on a more frequent basis than a client might expect.

Portfolios are monitored regularly using software that tracks portfolio drift from neutral allocations and cash holdings. Drift is managed as a percentage deviation above and below the neutral allocation, known as tolerance band. When a tolerance band is breached or cash exceeds a maximum threshold, the portfolio is rebalanced to bring the asset mix back to target. Investment advisory personnel oversee algorithms and respond to identified exceptions, but each client's account may not be regularly reviewed by such personnel. A client should be aware that SW relies heavily on technology and that limited direct human oversight or intervention occurs in the surveillance of account activity. If account activity does not align with client expectations, they should notify SW immediately.

Clients may request restrictions to their portfolio such as holding a higher level of cash or that certain ETFs be excluded from their account. SoFi will attempt to honor these restrictions, but is not required to accept account restrictions that it deems unreasonable. If so, the client will be notified that the account cannot be managed with the requested investment restrictions and given the opportunity to change the restriction. Restrictions may result in delays in the management of the account.

Financial planning services are also available to clients. Such services involve preparing written financial plans covering specific or multiple topics. We provide full written financial plans, which typically address the following topics:

- Retirement Planning,
- Insurance Planning,
- College Funding,
- Estate Planning,
- Asset Allocation,
- Tax Reduction Strategies, and
- Investment Planning.

When providing financial planning services, the role of SW is to find ways to help you understand your overall financial situation and help you set financial objectives. We also provide modular written financial plans which only cover those specific areas of concern

mutually agreed upon by you and us. A modular written financial plan is limited or segmented and does not involve the creation of a full written financial plan. You should be aware that there are important issues that may not be taken into consideration when your investment adviser representative develops his or her analysis and recommendations under a modular written financial plan. Written financial plans prepared by us do not include specific recommendations of individual securities.

Our financial planning services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement our financial planning recommendations.

SW does not charge a separate fixed fee or hourly fee for Financial Planning Services. They are provided complimentary as part of the overall services offered to our clients.

### **c. Performance Based Fees and Side-by-Side Management**

SW does not charge any performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a client.

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

#### **Method of Analysis**

We build the portfolio based using a strategic allocation among asset classes. This analysis includes reviewing historical and expected rates of return, standard deviations, and correlation coefficients between a broad, global range of asset classes. We use mean-variance optimization with a qualitative overlay to create a mix of asset classes that lies on the efficient frontier of asset mixes that seeks to maximize expected returns given the risk tolerance, time horizon, and objectives of each strategy. This method is rooted in the modern portfolio theory work of Harry Markowitz and others.

SW investment strategies typically contain 4-12 ETF securities which track world indices and will allow us to create diversified portfolios for our clients. These strategies attempt to offer optimum expected returns given the risk tolerance and time horizon of each strategy. SW will adjust portfolios periodically to reflect our analysis of world market conditions. This could result in periods of time where the portfolios are completely in cash or cash equivalents.

We feel that prices in liquid public markets generally reflect all available information, so securities are typically fairly priced and reflect the expectations of market participants. However, investment strategies can be structured to add value through strategic asset allocation and aligning the asset mix with the objectives and risk tolerances of the investor. This requires careful strategy, diversification, efficient execution, and drift-based rebalancing to capture desired premiums with low turnover.

Our approach differs from both index investing and active management in several ways:

#### **Active Management:**

- Depends on constantly identifying and purchasing undervalued securities
- Relies on forecasting techniques to pick securities and time market low and high points

- Generates higher expenses and trading costs

Index Management:

- Uses index benchmarks, such as the S&P 500, to define investing strategy
- Performance will slightly lag index due to transaction costs
- Index may or may not be part of an asset mix on the efficient frontier of the highest expected returns a given level of risk

SoFi Approach:

- Believes that, in liquid public markets, prices typically reflect all available information
- Designs mixes of asset classes that attempt to maximize expected return at each level of risk.
- Creates a portfolio of passively managed funds to provide exposure to a diversified mix of asset classes

**Investment Strategies**

- Aggressive – Designed for investors with a long-term time frame, a goal in over 10 years, and who are willing and able to bear a significant amount of volatility in the pursuit of greater potential growth. This strategy typically allocates over 90% to stock funds.
- Moderately Aggressive – Designed for potential long-term growth with somewhat less variable returns for people who don't mind volatility and have a goal in over 10 years. This strategy typically allocates a majority to stock funds. It also allocates a smaller portion to bond funds and bears the interest rate risk inherent in these funds.
- Moderate – Designed to reduce the impact of stock price volatility for investors approaching retirement or with a goal beginning in 5 to 10 years. It is designed to be a more balanced portfolio between stock and bond funds. Bond funds have interest rate risk and lower potential return than stock funds, but less price volatility as well.
- Moderately Conservative – Designed to generate yield with some exposure to growth assets during the early years of retirement, or for goals in 3 to 5 years. It has interest rate risk, but lower volatility with the potential to preserve purchasing power. This strategy typically allocates a majority to bond funds and a smaller portion to stock funds.
- Conservative – Designed to generate yield in the later years of retirement or for investors with goals in less than 3 years when growth is less of a concern than preserving purchasing power and capital preservation. This portfolio is usually over 90% bond funds, which have interest rate risk, but less volatility than stock funds.

The asset allocations in these investment strategies and the specific securities used to implement them may change from time to time. SW maintains allocations within qualified accounts that are distinct from non-qualified accounts to account for the tax treatment of such assets. Expected Returns are decomposed into dividend/interest and capital gains. Assumed tax rates, which are applied on an asset specific basis, are applied to each portion in order to get to an approximate after-tax return. Taxable account strategies are optimized using these after-tax returns. SW's tax assumptions are designed to be generally applicable but may not necessarily be appropriate for

each individual's circumstances. Nontaxable accounts, however, are optimized under the pretax return and thus results in a different asset allocation than a taxable account of the same risk.

The performance benchmark for our investment strategies is a blended benchmark of the MSCI All Country World Index (ACWI) and the Bloomberg Barclays Global Aggregate Index, blended to meet the approximate expected stock and bond exposure levels of each investment strategy, though these exposure levels may not exactly equal that of the blended benchmark.

### **Risk of Loss**

The SW investment program entails risk, including the risk of a total loss of principal. There can be no assurance that the investment objective of the portfolios will be achieved and that investors will not incur losses. When investing in securities, clients may be subject to numerous risks including those that arise as a result of changes in general economic and market conditions, such as interest rates, availability of credit, inflation rates, and economic uncertainty. While the use of diversified investment vehicles, such as exchange traded funds (ETFs), reduces the risk of investing in individual securities, it cannot completely eliminate this risk. These ETFs invest in individual stocks and bonds that are subject to the risks that include industry conditions, laws, governmental regulation, competition, technological developments, and national and international political circumstance. It is possible that these portfolios will lose money. The shorter the holding period one considers, the greater the probability of a loss over that given holding period.

### **e. Voting Client Securities**

SW does not vote on proxy statements issued by the securities held in client portfolios. Proxies will be forwarded directly to client's mailing addresses by Apex Clearing.

## **Item 7 – Client Information Provided to Portfolio Managers**

We gather information on the client's age, income, and other factors to create a risk profile. We also gather information about their goals, time frame for achieving those goals, and rate of savings they will make. This information is used to recommend the investment strategy the manager feels is the best match for the client. The client may update this information at any time, which may result in a change in the recommended portfolio.

## **Item 8 – Client Contact with Portfolio Managers**

Clients generally do not consult directly with the portfolio managers, but will have access to investment advisor representatives who will work with them to refine their plan.

## **Item 9 – Additional Information**

### **a. Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SW or the integrity of SW management. SW has no information applicable to this Item.

## **b. Other Financial Industry Activities and Affiliations**

SW is a wholly owned subsidiary of Social Finance, Inc. (“SoFi”), a Delaware corporation founded in 2011 by a group of Stanford Graduate School of Business students to implement the premise that the student loan industry can be improved by private community solutions.

SoFi is owned through intermediate subsidiaries by SoftBank Group Corporation (“SoftBank”), a publicly held company. SoftBank is a Japanese multinational telecommunications corporation headquartered in Tokyo, Japan.

SW is owned by Social Finance Inc., which is commonly known as SoFi. SoFi was formed to be, what we consider, a new kind of finance company. It our goal to take a radical approach to lending and wealth management. We strive to develop innovative products and tools for faster service and open conversations. Whether our members are looking to buy a home, save money on student loans, ascend in their careers, or invest in the future, the SoFi community works to empower our members by developing and focusing on the goals they set for financial independence as a result.

Firms affiliated with SW include SoFi Securities LLC, a registered broker-dealer; SoFi Capital Advisors LLC, an exempt reporting investment adviser, SoFi Insurance Agency, LLC, a life insurance marketing company, and SoFi Lending Corp., a non-bank consumer lending company. Additional information about SW’s structure and directors is provided on Part 1 of SoFi Wealth’s Form ADV which is available online at <http://www.adviserinfo.sec.gov>.

Clients of SW, who are accredited investors, may also invest in the private placements of SoFi Lending Corp. or Social Finance Inc. These investments may be made through SoFi Securities LLC. SW does not manage or recommend these investments.

SW does not recommend or select other investment advisors for clients.

### **SoFi Lending Corp.**

SoFi Lending Corp. is a non-bank, consumer lending company providing student loan, real estate mortgage services and other personal loan services to the general public.

SW has arrangements with SoFi Lending Corp. that are material to our advisory services. SW was formed to provide an investment management option to SoFi Lending Corp. members (i.e. consumers of SoFi Lending Corp. generated loans). Currently, all SW clients are also SoFi Lending Corp. loan consumers.

As an incentive for a SoFi Lending Corp. member to open a managed account through SW, SW is not charging investment management fees to clients who purchase loans through SoFi Lending Corp.

Although, SW and SoFi Lending Corp. actively cross-solicit services to clients, SoFi Lending Corp. clients are not required or obligated in any way to utilize the investment management services available through SW and can work with any investment professional of their choice.



### **SoFi Securities LLC**

SW is under common ownership with the full-service, introducing broker/dealer, SoFi Securities LLC, used for all SW managed accounts. SoFi Securities LLC is a member of FINRA and SIPC.

SW and SoFi Securities LLC share office space, personnel, and resources. Many of the SW advisory personnel are also registered representatives with SoFi Securities LLC. However, SoFi Securities, LLC does not provide commission-based brokerage services to SW clients. All brokerage services provided by SoFi Securities LLC are for the Asset Management Services outlined in Item 4 of this brochure.

### **Social Finance Life Insurance Agency LLC**

SW clients will be marketed and have the ability to purchase insurance products (primarily term-life insurance policies) through Social Finance Life Insurance Agency LLC.

Clients are never obligated or required to purchase insurance products from or through Social Finance Life Insurance Agency LLC and may choose any independent insurance agent and insurance company to purchase insurance products. Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale.

### **c. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

SW has adopted a Code of Ethics expressing its commitment to ethical conduct to comply with applicable securities laws including those relating to employees' personal trading, insider trading and anti-money laundering. SW Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth SW's practice of supervising the personal securities transactions of employees. Individuals associated with SW may buy or sell securities for their personal accounts identical to or different from those recommended to clients of the adviser.

Transactions in ETFs have been pre-approved for trading by SW's Chief Compliance Officer based on the security's liquidity profile and structural characteristics. Associated persons may also buy or sell specific securities for their own accounts that are not purchased or sold for Clients. SW monitors the securities transactions of all associated persons and investigates any unusual patterns that it detects. Neither SW nor any of its associated persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

To avoid a conflict of interest between SW and its clients, SW prohibits principal securities transactions between SW and any advisory client without first obtaining the prior written approval of the Chief Compliance Officer and the written consent of the client. SW will also not cross trades between client accounts. SW will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

Affiliates of the Investment Adviser may provide other services to investors such as loans from SoFi Lending and the sale of private placement securities by SoFi Securities. These affiliates

may receive fees from investors in such capacities. Other present and future activities of the SW and other Affiliates of SW may give rise to additional conflicts of interest. Notwithstanding such potential conflicts, SW understands that it is a fiduciary to the investors and is committed to implement the obligations stated in its Code of Ethics.

#### **d. Review of Accounts**

Portfolios are monitored regularly using software that tracks portfolio drift from neutral allocations and cash holdings. Drift is managed as a percentage deviation above and below the neutral allocation, known as tolerance band. When a tolerance band is breached or cash exceeds a maximum threshold, the portfolio is rebalanced. Investment advisory personnel oversee algorithms and respond to identified exceptions, but each client's account may not be regularly reviewed by such personnel. A client should be aware that SW relies heavily on technology and that limited direct human oversight or intervention occurs in the surveillance of account activity. If account activity does not align with client expectations, they should notify SW immediately.

Exception based account reviews are performed no less than quarterly by the Chief Compliance Officer and/or other compliance officers. Upon request, SW provides written quarterly statements on client accounts that show account balances, account activity and profits or losses of the accounts.

#### **e. Client Referrals and Other Compensation**

SW runs promotional campaigns with various "affiliate marketing" websites to attract Clients to establish advisory relationship. These promotions include benefits such as reduced and/or waived advisory fees, additional advisory services, branded promotional items of nominal value (shirts, hats, etc.), favorable fee arrangements, and/or reduced or waived advisory fees for Clients. In the event a consumer establishes an advisory relationship with SW as result of an invitation presented via an affiliate marketing website, a referral fee is paid to the website operator. A disclosure is provided at the time the potential client is forwarded to a SW branded landing page and is again presented for acknowledgement at the time the advisory relationship is established, which describes the affiliate marketing relationship and discloses the compensation arrangement. Commonly, affiliate marketing websites are paid in the form of so-called CPM, CPC or CPA arrangements (respectively, impressions, clicks or acquisition through other websites). For example, SW advertises on various social media and other websites, including sites on which bloggers may write articles about SW and its products and/or services (as well as the products and services of SW corporate affiliates disclosed in Item 9b). SW exercises no editorial control over such sites. These arrangements create an incentive for a third party or other existing Client to refer prospective Clients to SW. Depending on the agreed upon terms with the affiliate marketing website, these arrangements may also create a conflict of interest for a Client to maintain a certain level of assets managed through SW if doing so would result in eligibility to receive an incentive, bonus or additional compensation. Referral and solicitation programs are operated in compliance with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, to the extent required by applicable law.

Additional compensation arrangements are disclosed in Item 4.



**f. Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures regarding any financial conditions that may impair their ability to meet contractual commitments to clients. SoFi Wealth has no financial conditions that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.