

**Item 1**



**FORM ADV PART 2A**  
**WRAP FEE PROGRAM BROCHURE**

March 29th, 2019

WEALTHSIMPLE US, LTD. WRAP FEE PROGRAM

Sponsored by:

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This wrap fee program brochure provides information about the qualifications and business practices of Wealthsimple US, Ltd. If you have any questions about the contents of this brochure, please contact us at [support@wealthsimple.com](mailto:support@wealthsimple.com). 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 Wealthsimple US, Ltd. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2      Material Changes**

Wealthsimple's Wrap Fee Brochure has been updated. We note that we haven't made any changes since we last filed our Part 2A of Form ADV in October 2018.

We will provide you with a new Brochure as necessary based on material changes or new information, at any time, without charge.

We recommend that you review this Brochure in its entirety.

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## Item 4 - Services, Fees and Compensation

### A. Description of Service

Wealthsimple is an automated investment service that provides portfolio management services to individual clients and businesses (each a “Client,” and collectively, “Clients”) via its interactive website at [www.wealthsimple.com](http://www.wealthsimple.com). Using proprietary models and research based on Modern Portfolio Theory (“MPT”)<sup>1</sup>, Wealthsimple manages individually tailored Client portfolios through primarily a passive investment strategy constructed from exchange-traded funds (“ETFs”). In addition, Wealthsimple may manage portfolios of equity securities other than ETFs.

Wealthsimple designs its model portfolios by seeking to identify: 1) the optimal asset classes in which to invest, 2) the most efficient ETFs or other investments to represent each of those asset classes, 3) the ideal mix of asset classes for a specific risk level, and 4) the most appropriate methodology for rebalancing the portfolio and reinvesting dividends, in order to maintain the intended risk tolerance and optimal return for the required risk level. For Clients who opt-in, Wealthsimple also offers tax-loss harvesting strategies in taxable accounts and a financial planning session.

With respect to the investment Portfolios, Wealthsimple does not attempt to time the market. Instead, Wealthsimple focuses on building wealth through a highly-diversified portfolio that is intended to be held over a long time horizon, ideally of ten years or more. Wealthsimple will assist each Client in selecting an appropriate portfolio, consistent with each Client’s investment objectives and risk tolerance, from Wealthsimple’s extensive set of model portfolios.

Wealthsimple also serves as the Client’s automated investment adviser for assets invested in money market instruments (“**Wealthsimple Save**”). Wealthsimple constructs an individual portfolio for the Client using one or several. Wealthsimple Save does not utilize instruments with equity risk, such as equity ETFs convertible bonds or structured notes. The investment term is generally more short-term and can be held up to two years.

For all Client accounts, Wealthsimple charges an annual wrap fee on the net market value of the Client’s account, which is calculated daily and deducted monthly in arrears from the Client’s account. This wrap fee includes all portfolio management costs, trading costs (except foreign exchange fees and third-party asset fees), custodial costs and operational costs. There are no additional sales charges or commissions. All portfolio management services offered in the wrap program are managed internally, as further described in Item 6 below. Therefore, no portion of the wrap fee is paid to outside portfolio managers.

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<sup>1</sup> Modern Portfolio Theory (“MPT”), or mean-variance analysis, is a mathematical framework for assembling a portfolio of assets such that the expected return is maximized for a given level of risk, defined as variance. Its key insight is that an asset's risk and return should not be assessed by itself, but by how it contributes to a portfolio's overall risk and return.

## B. Wealthsimple Fees

Wealthsimple reserves the right, in its sole discretion, to negotiate, reduce or waive the advisory fee for certain Clients for any period of time determined solely by Wealthsimple. In addition, Wealthsimple may reduce or waive its fees for the Accounts of some Clients without notice to, or fee adjustment for, other Clients.

The advisory agreement that is entered into between Wealthsimple and a Client may be cancelled at any time by the Client or Wealthsimple. Upon termination of any account, any unpaid earned fees will be due and will be billed to the Client.

### B.1. Standard Taxable Accounts and IRAs

The annual wrapped fees for each Client varies in accordance with his or her total assets under management ("AUM") at Wealthsimple, as follows.

Client AUM	Annualized Fee (% of AUM)
Subsequent \$5,001 to \$99,999	0.50%
Subsequent \$100,000 and above	0.40%

### B.2. Wealthsimple Save

Wealthsimple also charges an annual 0.25% fee on the total value of his or her AUM in the Wealthsimple Save account for its investment advisory services in connection with the Wealthsimple Save account.

Each month Wealthsimple will rebate investment advisory fees for clients who are invested in a Wealthsimple Save portfolio and experience performance below the benchmark communicated to the clients on the Wealthsimple website (the "**Benchmark Rate**"). To determine whether the performance was below the Benchmark Rate, each calendar month would be measured independently; the performance for multiple months will not be aggregated. In the event that Wealthsimple decides to change the Benchmark Rate in a manner that would disadvantage participating clients, Wealthsimple will notify participating clients of the change, and no such change will become effective prior to the commencement of the next subsequent calendar month.

## C. Relative Cost of the Program

The total annual wrap fees referenced in Item 4A are inclusive of Wealthsimple's management fee and the fees for custodial services and trade execution costs, except foreign exchange fees. The wrap fee may cost the Client more than if the services were purchased separately. Wealthsimple chooses to offer the wrap fee program because of the convenience, transparency and consistency to the Client. If the services were purchased separately, the Client would pay varying fees each month based on the number of trades executed.

#### D. Additional Fees

Depending on the nature of the securities or products purchased or sold, Clients may pay other fees or expenses to third parties. For portfolios invested primarily in ETFs, issuers of the ETFs may have embedded expenses and other fees, including those relating to management, brokerage, legal, accounting, or custody. Wealthsimple does not benefit, directly or indirectly, from any of the foregoing other fees and expenses.

The Wrap Fee Broker (as defined below) may also charge a fee based upon transaction value on foreign exchange transactions. However, it is not anticipated that this fee will be a material factor with respect to Clients that are United States persons. Most, if not all, securities selected for Clients that are United States persons will have a class denominated in United States dollars. As such, Clients that are United States persons will not typically be exposed to direct foreign exchange fees.

#### E. Compensation of Person Recommending the Wrap Fee Program

Wealthsimple may perform advertising campaigns to attract Clients to open accounts on the site, as discussed in greater detail in Item 6 below. These campaigns may include promotions such as additional account services or products, more favorable fee arrangements or waived advisory fees. In addition, Wealthsimple may offer advisory clients a reduction or waiver of advisory fees, or a cash payment, for referrals of friends and family. Wealthsimple may also enter into referral agreements with third party investment advisers whereby Wealthsimple pays a portion of the wrap fees paid by the referred Clients to such third-party investment advisers. As a result of this referral fee, such third-party investment advisers have a financial incentive to recommend Wealthsimple's wrap fee program over other programs or services. In addition to the foregoing, Wealthsimple has or expects to have referral arrangements in place with certain unaffiliated third parties that may act as solicitors and may from time-to-time refer potential Clients to Wealthsimple. Each arrangement must be in compliance with Rule 206(4)-3 of the Investment Advisers Act of 1940. For each successful referral, Wealthsimple will generally pay a commission based upon a percentage of the investment management revenue that Wealthsimple charges and collects from the Client (and/or another payment upon certain growth goals being reached). The length of each arrangement may vary. In all cases, an affected potential Client is provided a copy of this brochure as well as the terms of the specific referral arrangement. As a result of such arrangements, such third parties may have a financial incentive to recommend Wealthsimple's wrap fee program over other programs or services.

Clients are not charged any fee nor do they incur any additional costs for being referred to Wealthsimple by a current Client or any other person.

Other than as stated above, Wealthsimple, or any related person, does not otherwise directly or indirectly compensate any person who is not our supervised person for Client referrals.

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

The Wealthsimple wrap fee program is designed to provide investment advisory services to individuals, and business entities who meet Wealthsimple's suitability requirements. Participation in the program requires that the Client complete an account application online at Wealthsimple.com. Clients approved for an account must maintain a securities brokerage and custody account with Apex Clearing Corporation, the wrap fee broker (the "Wrap Fee Broker"). Wealthsimple selected the Wrap Fee Broker on the basis of services provided to Wealthsimple's Clients and the fees it charges to Wealthsimple. Except for foreign exchange fees and other discretionary services not contemplated by the Wrap Fee Broker's account agreement, none of the Wrap Fee Broker's charges are paid by Wealthsimple's Clients. No minimum investment is required to open an account. However, Wealthsimple reserves the right to impose a minimum account size in the future at its discretion. Fees are non-negotiable for wrap fee accounts.

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

### **A. Selection and Review of Portfolio Managers**

Wealthsimple directly manages its Clients' accounts and does not outsource the portfolio management to any outside managers.

#### **1. Performance Calculation Standards**

Wealthsimple uses the industry standard time-weighted rate of return to measure its performance, supplemented by the money-weighted rate of return and the dollar profit or loss.

#### **2. Third Party Review of Performance**

Wealthsimple uses models developed in-house to calculate all performance return information displayed to Clients for actual accounts. The performance calculation methodologies are consistent with industry standards.

### **B. Related Persons as Portfolio Manager**

Wealthsimple shares personnel with its Canadian affiliate, Wealthsimple Inc. (a Canadian investment adviser). All personnel of Wealthsimple that provide portfolio management services on behalf of Wealthsimple are employees of Wealthsimple Inc. All shared personnel (i.e., employees of Wealthsimple Inc. that perform services on behalf of Wealthsimple) are subject to Wealthsimple's written policies and procedures adopted and implemented in light of Rule 206(4)-7 promulgated under the Investment Advisers Act of 1940. In addition, the same individual serves as Wealthsimple's and Wealthsimple Inc.'s Chief Compliance Officer.

## C. Additional Information with Respect to Portfolio Manager for the Wrap Fee Program

### 1. Advisory Business

#### a. Advisory Services

Wealthsimple is an automated investment service that provides portfolio management services to individual clients and businesses via its interactive website at [www.wealthsimple.com](http://www.wealthsimple.com). Using proprietary models and research based on MPT, Wealthsimple manages individually tailored Client portfolios primarily through a passive investment strategy constructed from ETFs. Wealthsimple may also manage portfolios of equity securities other than ETFs.

Wealthsimple does not attempt to time the market. Instead, Wealthsimple focuses on building wealth through a highly-diversified portfolio that is intended to be held over a long time horizon, ideally of ten years or more. Wealthsimple will assist each Client in selecting an appropriate portfolio, consistent with each Client's investment objectives and risk tolerance, from Wealthsimple's extensive set of model portfolios.

Wealthsimple uses publicly-available data and its proprietary technology platform to develop a rules-based investment strategy and make investments for its Clients based on MPT. Client investments are continuously monitored and rebalanced by Wealthsimple's technology platform (as described in more detail below), to ensure that Client portfolios track the desired strategy.

Wealthsimple provides investment advisory services primarily through its interactive website. The website provides access to on-boarding, information regarding the Client's accounts, and a process to initiate deposits and withdrawals, among other services. Some services may not be directly available through the website, such as the ability to change to a different portfolio risk level, close an account, or transfer an account to another institution. Any services not directly accessible through the website may be performed by contacting Wealthsimple via email or telephone.

Wealthsimple is in no way affiliated with institutional investment managers who disseminate publicly-available data and any use of specific data by Wealthsimple is in no way intended to be an endorsement of the firm providing the data.

#### b. Tailored Services

To tailor its software-based portfolio management services to each Client, Wealthsimple uses algorithms based on academic research and industry standard methodologies to assign the appropriate model portfolio to each Client. Wealthsimple asks each prospective Client a series of questions to evaluate the Client's risk tolerance, investment knowledge, financial situation, and financial goals. The answers to these questions are scored based on a proprietary methodology in order to determine a risk score, which maps to a Wealthsimple model portfolio. Wealthsimple asks 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 a Client is willing to take significant risk in one case and very little in another, then the Client is deemed inconsistent and is therefore assigned a lower risk tolerance score.



The Client may indicate in the questionnaire that the Client would like to speak with a portfolio manager. Wealthsimple will schedule an appointment accordingly. In the event that a Client's risk score is unusually low or if the Client indicates an abnormally short time horizon for the Client's investments, a telephone call with a portfolio manager may be required by Wealthsimple before opening an account.

Clients are not able to specify specific assets in which investments can be made. However, if it agrees to do so, Wealthsimple will honor reasonable restrictions imposed by the Client on the management of the account, such as requests to exclude certain investments from the portfolio for religious beliefs or personal trading restrictions imposed by the Client's employer.

Wealthsimple will conduct annual reviews to ensure that each Client's portfolio continues to match the Client's recorded objectives and risk appetite. In addition, each Client must agree to notify Wealthsimple of any material change in the Client's financial circumstances when the Client signs up for a Wealthsimple account. This notification can be done through the interactive website or by calling or emailing Wealthsimple staff. At least once per year, Wealthsimple will add a request for an update on each Client's circumstances on each Client's dashboard. If a Client does not respond, Wealthsimple will make reasonable efforts to follow up by email, text, or telephone. Material changes to a Client's circumstances may necessitate a change to the Client's asset allocation, which will be executed by a Wealthsimple portfolio manager alongside a re-issued Investor Policy Statement.

c. Wrap Fee Program Participation

Wealthsimple serves as the wrap fee program's sponsor and investment adviser and receives a portion of the wrap fee for its services. The wrap fee includes all portfolio management costs, trading costs (except foreign exchange fees and third-party asset fees), custodial costs, and operational costs. Please refer to Item 4C for other fees or expenses not included in the wrap fee.

2. Performance-Based Fees and Side-by-Side Management

Wealthsimple does not charge fees based on performance or the net profits of the assets being managed.

3. Method of Analysis, Investment Strategies and Risk of Loss

a. Methods of Analysis and Investment Strategies

Wealthsimple's portfolios are globally diversified and consist of securities that are reasonably liquid and trade on exchanges in the developed world. The securities encompass multiple asset classes, including:

- Government bonds;
- Corporate bonds; and
- US listed equities.

The majority of the selected securities will pursue a passive investment strategy that tracks a defined benchmark. Wealthsimple generally will not invest in securities that pursue a discretionary active strategy.

Wealthsimple will offer model portfolios with varying levels of risk, as denoted by a “risk score” ranging from one to ten. A risk score of one corresponds to the most conservative portfolio, whereas a risk score of ten corresponds to the most aggressive. Conservative portfolios are generally characterized by a larger fixed income component than aggressive portfolios.

b. Portfolio Construction

The model portfolios are constructed by Wealthsimple and approved by its Investment Team, headed by the Chief Investment Officer and consisting of Portfolio Managers and Research Analysts. The Investment Team is supported by the Investment Advisory Committee which meets on a quarterly basis. To construct the portfolios, Wealthsimple identifies what it believes to be: 1) the optimal asset classes in which to invest, 2) the most efficient securities to represent each of those asset classes, 3) the ideal mix of asset classes for a specific risk level, and 4) the most appropriate methodology for rebalancing the portfolio and reinvesting dividends, in order to maintain the intended risk tolerance and optimal return for the required risk level.

The Investment Team monitors and assesses the model portfolios on a quarterly basis, examining a wide range of metrics, including:

- Volatility;
- Beta;
- Correlations;
- Tracking error;
- Risk-adjusted returns;
- Stress test results;
- Sector concentrations;
- Geographic concentrations; and
- Market cap distribution.

Wealthsimple may also perform tax-loss harvesting and a financial planning session for a select group of Clients. Tax-loss harvesting is a technique used to lower taxes while maintaining the expected risk and return profile of a portfolio. It harvests previously unrecognized investment losses to offset taxes due on other gains and income. A Client can reinvest these tax savings to significantly grow the value of the Client’s portfolio. Put another way, in tax-loss harvesting, an investor sells a security at loss to accelerate capital loss realization. The realized capital loss can then be used to offset realized capital gains and ordinary income from other sources, lowering tax liabilities at year-end, and therefore increasing the after-tax return of the overall portfolio.

In general, tax-loss harvesting is most appropriate for high-net worth Clients who currently have a relatively high marginal income tax rate and are not expected to transition to a higher tax rate in later years. **A high tax rate in later years may be associated with adverse tax consequences, since tax-loss harvesting may have the effect of shifting capital gains to future years.**

i. Security Selection

To provide Clients with market exposure to the portfolios generated by its investment process, Wealthsimple trades publicly-listed exchange-traded products, including, ETFs. In some cases, Wealthsimple may alternatively replicate an ETF by trading its underlying constituents. The rapid recent expansion in size and breadth of the ETF market now allows retail investors easy and low-cost access to diversified baskets of securities that would otherwise be difficult to trade at small size. Wealthsimple further improves accessibility through its fractional share capability, which allows investors to purchase fractional shares of securities.

Wealthsimple selects securities in light of a number of factors such as: efficiency with which the product tracks an underlying benchmark; geographic and asset class exposure; liquidity; expense ratio; assets under management; and risk characteristics. Wealthsimple also periodically evaluates alternative instruments as additions to or replacements of instruments it currently recommends to Clients and may utilize such instruments if Wealthsimple determines they are appropriate for Clients' portfolios.

ii. Rebalancing

Wealthsimple continuously monitors Client portfolios using its automated technology platform, to ensure that portfolio weights are consistent with target weights. Portfolios are rebalanced in response to price movements, account inflows or outflows, changes in a Client's risk score, or changes in the composition of the model portfolios that are approved by Wealthsimple's Investment Team.

Rebalancing in response to price movements or inflows/outflows occur automatically via Wealthsimple's technology platform. If actual weights differ from target weights by more than a pre-defined threshold, portfolios will be rebalanced to achieve the target weights, typically by the next business day. Furthermore, dividend income is preferentially re-invested in securities that are most underweight relative to target, which serves as a form of pre-emptive rebalancing. Due to Wealthsimple's fractional share capability, rebalancing can be performed without any minimum trade size requirement.

c. Risk of Loss

Wealthsimple cannot guarantee any level of performance or that any Client will avoid losses in its account(s). **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 factors, each of which may affect the probability of adverse consequences and the magnitude of any potential losses. The following enumerated risks may not be all-inclusive but should be considered carefully by a prospective Client before retaining Wealthsimple's services.

The following risks should be considered:

Market Risk – The price of any security or the value of an entire asset class can decline for a variety of reasons outside of Wealthsimple's control, including, but not limited to, predicted or unpredicted changes

in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, changing interest rates, regulatory changes, and domestic, foreign, or global 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. Conversely, a low allocation to a particular asset class that outperforms other asset classes in a particular period will cause that Client account to underperform relative to the overall market.

Advisory Risk – There is no guarantee that Wealthsimple’s judgment, models, or investment decisions about particular securities or asset classes will necessarily produce the intended or expected results. Wealthsimple’s judgment may prove to be incorrect, and a Client might not achieve his investment objectives. Wealthsimple may also make future changes to the investing algorithms and advisory services that it provides. In addition, it is possible that Clients or Wealthsimple itself may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to Wealthsimple’s software-based or web-based financial advisory service. Wealthsimple and its representatives are not responsible to any Client for losses unless caused by Wealthsimple breaching its fiduciary duty.

Volatility and Correlation Risk – Clients should be aware that Wealthsimple’s asset selection process is based in part on historical performance and volatility of returns in order to estimate expected returns and risk. 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 such movements may become more acute in times of market upheaval, high volatility, or limited liquidity. Past performance is no guarantee of future results, and any historical returns, expected returns, risk forecasts, or probability projections may not reflect actual future performance or realized risk.

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 his securities at all or at an advantageous time or price because Wealthsimple and the Client’s Broker may have difficulty finding a buyer and may be forced to sell at a significant discount to market or previously quoted value. Some securities (including ETFs) that hold or trade financial instruments may be adversely affected by liquidity issues as they manage and rebalance their portfolios. While Wealthsimple values the securities held in Client accounts based on reasonably available exchange-traded security data, Wealthsimple may from time to time receive, display, 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 Wealthsimple.

Credit Risk – Wealthsimple 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 value or management. This risk applies to assets on deposit with any broker or other custodian utilized by Client, notwithstanding asset segregation and insurance requirements that are beneficial to 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 directly or through an exchange-traded product such as an ETF. Wealthsimple seeks to limit credit risk from fund issuers 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 adviser 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). Except for limited cases, Wealthsimple does not engage in financial or tax planning, and in certain circumstances a Client may incur taxable income on his 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.

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 decline relative to future purchasing power 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. The liquidity and trading value of foreign currencies could be affected by global economic factors, such as inflation, interest rate levels, and trade balances among countries, as well as the actions of sovereign governments and central banks. Adverse changes in currency exchange rates (relative to the U.S. dollar) may erode or reverse any potential gains from investments in securities denominated or exposed to a foreign currency, or may widen existing losses.

Tax-Loss Harvesting –Clients who activate Wealthsimple’s tax-loss harvesting service are alerted to the following risks:

Be aware that if you and/or your spouse have other taxable or non-taxable accounts, and you hold in those accounts any of the securities (including options contracts) held in your Wealthsimple account, you cannot trade any of those securities 30 days before or after Wealthsimple trades those same securities as part of the tax-loss harvesting strategy to avoid possible wash sales and, as a result, a nullification of any tax benefits of the strategy. For more information on the wash sale rule, please read Internal Revenue Service (“IRS”) Publication 550.

You should confer with your personal tax advisor regarding the tax consequences of investing with Wealthsimple and engaging in the tax-loss harvesting strategy, based on your particular circumstances. You and your personal tax advisors are responsible for how the transactions in your account are reported to the IRS or any other taxing authority. Wealthsimple assumes no responsibility to you for the tax consequences of any transaction.

Wealthsimple’s tax-loss harvesting strategy is not intended as tax advice, and Wealthsimple does not represent in any manner that the tax consequences described will be obtained or that Wealthsimple’s investment strategy will result in any particular tax consequence. The tax consequences of this strategy and other Wealthsimple strategies are complex and may be subject to challenge by the IRS. This strategy was not developed to be used by, and it cannot be used by, any investor to avoid penalties or interest.

When Wealthsimple replaces investments with “similar” investments as part of the tax-loss harvesting strategy, it is a reference to investments that are expected, but are not guaranteed, to perform similarly and that might lower a Client’s tax bill while maintaining a similar expected risk and return on the Client’s portfolio. Expected returns and risk characteristics are no guarantee of actual performance.

Restricted Securities – Clients must notify Wealthsimple of specific restricted securities the Client is prohibited from investing in. If a Client instructs Wealthsimple not to purchase certain restricted securities, Wealthsimple will select an alternate security to purchase on the Client’s behalf. The Client must notify Wealthsimple immediately if the Client considers any investments recommended or made for a Client’s account to violate any restrictions applicable to the Client.

d. Risks Associated with ETF securities

Wealthsimple expects to primarily trade in ETFs. The risks associated with ETFs, include:

ETF Risks, including Net Asset Valuations and Tracking Error – ETF performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because (i) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; (ii) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and (iii) 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 Wealthsimple plus any management fees charged by the issuer of the ETF. This scenario may cause a higher advisory cost (and potentially lower investment returns) than if a Client purchased the ETF directly.

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 adviser 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. ETF tracking error and expenses may vary.

#### D. Voting Client Securities

Wealthsimple will vote each proxy in accordance with its fiduciary duty to its Clients. Wealthsimple will generally seek to vote proxies in a way that maximizes the value of Clients' assets. However, Wealthsimple will document and abide by any specific proxy voting instructions conveyed by a Client with respect to that Client's securities. Wealthsimple's Chief Compliance Officer coordinates Wealthsimple's proxy voting process, with input from investment personnel. Wealthsimple's Chief Financial Officer is generally alerted to proxies by custodians.

Wealthsimple clients delegate to Wealthsimple the authority to receive and vote all proxies and related materials for any security held in Wealthsimple accounts. Wealthsimple will do so in a way that is reasonably expected to ensure that proxy matters are conducted in the best interest of clients. Clients may request information regarding how Wealthsimple voted a client's proxies, and clients may request a copy of Wealthsimple's proxy policies and procedures, which may be updated from time to time, by emailing

Wealthsimple will vote proxies in the best interests of Clients. Generally, Wealthsimple will (a) vote in favor of routine corporate housekeeping proposals, (b) vote against proposals that make it more difficult to replace members of the issuer's board of directors, and (c) abstain from voting a proxy if it determines that the value of an issuer's economic interest in the proxy issue or the value of the portfolio holding is insignificant.

Wealthsimple's Chief Compliance Officer will consider whether Wealthsimple is subject to any material conflict of interest in connection with each proxy vote. Employees of Wealthsimple must notify the Chief Compliance Officer if they are aware of any material conflict of interest associated with a proxy vote. It is impossible to anticipate all material conflicts of interest that could arise in connection with proxy voting. If Wealthsimple detects a material conflict of interest in connection with a proxy solicitation, it will abide by certain specified procedures. Instead of or in addition to the above described procedures, the Chief Financial Officer may consult an independent third-party proxy voting service (such as ISS) and vote the proxy according to the recommendations of the independent third party proxy voting service; provided, however, that the Chief Financial Officer reasonably believes that the independent third party proxy voting service is not subject to a material conflict of interest in connection with the proxy solicitation.

Clients may request information regarding how Wealthsimple voted a Client's proxies, and Clients may request a copy of Wealthsimple's proxy policies and procedures, which may be updated from time to time, by emailing [support@wealthsimple.com](mailto:support@wealthsimple.com).

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



Wealthsimple's portfolio management system is designed to review Client accounts on an ongoing basis to ensure that the investment objectives of each Client is diligently pursued and that the management of each Client account is being conducted in accordance with applicable laws, rules and regulations, as well as each Client's Investment Policy Statement.

Wealthsimple's portfolio management system communicates detailed Client information to its portfolio management team including age, indicators of risk tolerance, income level, and other relevant information completed in the Clients' account opening application. Information on current Clients is available to Wealthsimple's management team through its internal database. Should a Client submit a support request or advise of a change to the Client's financial situation, Wealthsimple's portfolio managers can view the Client's updated information.

On at least an annual basis, Wealthsimple requests that Clients update and/or re-confirm the profile information each Client previously provided. These notifications and confirmations include a link to the Client's current information and contact information for the Wealthsimple support team. Currently, the Wealthsimple team members whose tasks include supervising, arranging and responding to these notifications, confirmations and reviews are the Client Services team, with assistance from the Chief Compliance Officer. All such personnel are shared personnel between Wealthsimple Inc. and Wealthsimple, and are employees of Wealthsimple Inc.

On a quarterly basis, Wealthsimple's Investment Team conducts separate reviews related to the Client portfolios. The Investment Team has the authority, if it deems necessary, to take action up to and including the removal, addition or replacement of a security from the portfolios advised by Wealthsimple.

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

All Client contacts and communications regarding participation in Wealthsimple's wrap fee program will occur through contact with Wealthsimple via email, its interactive website, or telephone. All Client enquiries are managed through a support ticket system. Support tickets are initially screened by the Client Services team and forwarded to the portfolio managers as Wealthsimple deems necessary. Wealthsimple will promptly make any required changes to a Client's profile information based on discussion with the Client and supporting documentation, if applicable.

## **Item 9 – Additional Information**

### **A. Disciplinary Information and Other Financial Industry Activities and Affiliations**

Wealthsimple and its management persons do not have any legal, financial, regulatory, or any other disciplinary item that are material to report to any Client or prospective Client's evaluation of Wealthsimple's advisory business or the integrity of Wealthsimple's management. There have been no criminal or civil actions in a domestic, foreign or military court of competent jurisdiction involving either Wealthsimple or a management person. There have been no administrative proceedings before the SEC,

any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority involving either Wealthsimple or a management person. There have been no self-regulatory organization proceedings involving either Wealthsimple or a management person.

Neither Wealthsimple nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker dealer. Neither Wealthsimple nor any of its management persons are registered or have a pending registration as a futures commission merchant, commodity pool operator, commodity-trading advisor, or as an associated person of the forgoing list. Neither Wealthsimple nor its management persons have relationships with other entities in the financial services industry that materially affect Wealthsimple's advisory business or its Clients.

Wealthsimple is wholly owned by Wealthsimple Financial Corp. Wealthsimple Financial Corp. also wholly owns Wealthsimple Inc., a Canadian investment adviser, Canadian Shareowner Investments Inc., a Canadian broker-dealer and Wealthsimple UK Ltd., a UK discretionary portfolio manager and investment adviser. As further described above, Wealthsimple shares personnel with Wealthsimple Inc. Aside from employees of Wealthsimple Inc. that are shared personnel between Wealthsimple Inc. and Wealthsimple, Wealthsimple does not recommend or select other investment advisers. Wealthsimple does not share personnel or otherwise conduct business with Canadian Shareowner Investments Inc.

Wealthsimple has received a loan from Wealthsimple Financial Corp. which is material to its operations and may result in a potential conflict of interest.

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

Wealthsimple maintains a Code of Ethics that requires all officers and personnel to conduct themselves with the highest standards of honest conduct and business ethics in all aspects of their activities concerning Wealthsimple and Wealthsimple's Clients. The Chief Compliance Officer is responsible, in partnership with first line of defense monitoring functions, to gather evidence of adherence to all applicable elements of the Code of Ethics.

A copy of Wealthsimple's Code of Ethics is available to Clients and prospective Clients upon request by emailing [support@wealthsimple.com](mailto:support@wealthsimple.com).

Except as discussed below with respect to ownership by related persons of Wealthsimple in their own accounts of securities identical to those recommended to Clients, Wealthsimple does not recommend to Clients, or buy or sell for Client accounts, securities in which Wealthsimple or a related person have a material financial interest.

Related persons of Wealthsimple may buy or sell securities identical to those recommended to Clients for their own accounts. Prior to transacting in all equity securities, Wealthsimple Access Persons must confirm that the security is not on the compliance watch list. If the security appears on the list, the Access Person must obtain written pre-clearance from the CCO or designate prior to buying or selling that security. Access Persons do not have to preclear transactions in ETF securities. With respect to personal trading accounts, related persons may also be Clients. Trades on behalf of Clients may be aggregated with

trades on behalf of a related person only if: (a) the Client's trades are treated equally with trades of the related person, (b) each related person and each Client in the trade receives average execution and average commissions; and the securities purchased or sold are allocated pro rata. The account of a related person receives no favorable treatment with respect to the management of the account or the execution of transactions. Should a potential transaction on behalf of a related person likely conflict with any Clients, Wealthsimple will place its Clients' interest first. Wealthsimple reviews accounts it manages on behalf of related persons to ensure that such accounts have not received preferred treatment.

Wealthsimple is wholly owned by Wealthsimple Financial Corp. Wealthsimple Financial Corp. also wholly owns Wealthsimple Inc., a Canadian investment adviser, and Canadian Shareowner Investments Inc., a Canadian broker-dealer. Wealthsimple Inc. and Canadian Shareowner Investments Inc. may transact in securities on behalf of their respective clients/customers at or about the same time (or at different times) that Wealthsimple buys or sells the same securities for Clients. As described herein, Wealthsimple shares personnel with Wealthsimple Inc. Wealthsimple does not share personnel or otherwise conduct business with Canadian Shareowner Investments Inc.

Wealthsimple does not receive any economic benefit, from any person who is not a Client, for providing investment advice or other advisory services to our Clients.

As discussed in Item 4D above Wealthsimple (a) may perform advertising campaigns to attract Clients to open accounts on the site, (b) may enter into referral agreements with third party investment advisers whereby Wealthsimple pays a portion of the wrap fees paid by the referred Clients to such third party investment advisers, and (c) has or expects to have referral arrangements in place with certain unaffiliated third parties that may act as solicitors and may from time-to-time refer potential Clients to Wealthsimple. See Item 4D above for a discussion of these matters and related conflicts of interest.

Other than as stated above, Wealthsimple, or any related person, does not otherwise, directly or indirectly, compensate any person who is not our supervised person for Client referrals.

Wealthsimple does not require nor solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance, and therefore does not need to include a balance sheet with this brochure. Wealthsimple does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Clients. Wealthsimple has not been the subject of any bankruptcy petition.



**FORM ADV PART 2B**  
**BROCHURE SUPPLEMENTS**

March 29<sup>th</sup>, 2019

Wealthsimple US, Ltd.  
20 Jay St  
Brooklyn, NY 11201  
646 665 2840  
[www.wealthsimple.com](http://www.wealthsimple.com)

## Item 1

# Wealthsimple

## BROCHURE SUPPLEMENT

March 29<sup>th</sup>, 2019

Wealthsimple US, Ltd.  
20 Jay St  
Brooklyn, NY 11201  
646 665 2840  
[www.wealthsimple.com](http://www.wealthsimple.com)

This brochure supplement provides information about individuals at Wealthsimple US, Ltd. (“Wealthsimple”) that supplements the Wealthsimple brochure. You should have received a copy of that brochure. Please contact us at [support@wealthsimple.com](mailto:support@wealthsimple.com) or at +1 (855) 782-3559 if you did not receive Wealthsimple’s brochure or if you have questions about the contents of this supplement.

## **Dave Nugent, Chief Investment Officer**

### **Item 2: Educational Background and Business Experience**

Born in 1985

#### **Education:**

Western University: Bachelor's Degree Political Science, 2008

Holds the Canadian Investment Manager\* designation, 2014

\*The CIM is a professional certification conferred by the Canadian Securities Institute, a Canadian financial education company that provides courses, programs, certifications and designations for financial industry professionals.

#### **Business Experience:**

2014-present Chief Investment Officer, Wealthsimple Inc.

2008-2014 Investment Advisor RBC Dominion Securities

### **Item 3: Disciplinary Information**

To the best of Wealthsimple's knowledge, there are no legal or disciplinary events material to a client's or prospective client's evaluation of Dave Nugent.

### **Item 4: Other Business Activity**

Other than his service to Wealthsimple and Wealthsimple's affiliates, including Wealthsimple Inc., Dave Nugent is not actively engaged in any other investment-related business or occupation.

Dave Nugent is not registered, nor does he have an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA"), or an associated person of an FCM, CPO, or CTA.

Other than with respect to Wealthsimple and Wealthsimple's affiliates, including Wealthsimple Inc., Dave Nugent is not actively engaged in any business or occupation for compensation which provides a substantial source of income or involves a substantial amount of his time.

### **Item 5: Additional Compensation**

Other than Dave Nugent's regular salary and regular bonus he received from Wealthsimple and Wealthsimple's affiliates, including Wealthsimple Inc., he does not receive an economic benefit from anyone who is not a client for providing advisory services.

### **Item 6: Supervision**

Wealthsimple has adopted and implemented written supervisory policies and corresponding procedures which are reasonably designed to prevent violations of applicable federal securities laws. All personnel of Wealthsimple, including those supervised persons who formulate investment advice for clients, who

have direct client contact, and have discretionary authority over a client's assets, are required to comply with applicable securities laws and Wealthsimple's policies and procedures.

Supervisors have the primary responsibility for ensuring that personnel under their supervision are complying with these requirements. With respect to applicable securities laws and Wealthsimple's policies and procedures, our Chief Executive Officer supervises the activities of Dave Nugent as both Chief Investment Officer and Chief Compliance Officer.

If you have any questions regarding the supervision of Dave Nugent's advisory activities on behalf of Wealthsimple, please contact Tomasz Krzywicki, Chief Compliance Officer, at +1 (855) 782-3559.

## **Mark Sette, Portfolio Manager**

### **Item 2: Educational Background and Business Experience**

Born 1988

**Education:**

Liberty University: Bachelor's Degree Business, Finance, 2009

**Professional Licenses:**

CFP, FINRA Series 7 & 63

**Business Experience:**

2017-present Portfolio Manager, Wealthsimple US LTD

2010-2017 Financial Advisor/Relationship Manager, MassMutual Financial Group

### **Item 3: Disciplinary Information**

To the best of Wealthsimple's knowledge, there are no legal or disciplinary events material to a client's or prospective client's evaluation of Mark Sette.

### **Item 4: Other Business Activity**

Other than his service to Wealthsimple and Wealthsimple's affiliates, including Wealthsimple Inc., Mark Sette is not actively engaged in any other investment-related business or occupation.

Mark Sette is not registered, nor does he have an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA"), or an associated person of an FCM, CPO, or CTA.

Other than with respect to Wealthsimple and Wealthsimple's affiliates, including Wealthsimple Inc., Mark Sette is not actively engaged in any business or occupation for compensation which provides a substantial source of income or involves a substantial amount of his time.

### **Item 5: Additional Compensation**

Other than Mark Sette's regular salary and regular bonus he received from Wealthsimple and Wealthsimple's affiliates, including Wealthsimple Inc., he does not receive an economic benefit from anyone who is not a client for providing advisory services.

### **Item 6: Supervision**

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have direct client contact, and have discretionary authority over a client's assets, are required to comply with applicable securities laws and Wealthsimple's policies and procedures.

Supervisors have the primary responsibility for ensuring that personnel under their supervision are complying with these requirements. Wealthsimple's Chief Compliance Officer has the oversight and responsibility to ascertain whether Wealthsimple is complying with all applicable policies and procedures. In order to carry out that responsibility, Wealthsimple's Chief Compliance Officer will periodically conduct compliance reviews within specific areas of the organization to determine compliance with all applicable requirements.

Wealthsimple's investment management team, which is led by Dave Nugent, reviews client accounts on a daily basis. In addition, Wealthsimple uses many internal analytics and risk management systems to help monitor accounts. These systems will determine whether client accounts have deviated from their target allocation. A deviation could occur due to price movements in the portfolios investments or because of changes in Wealthsimple's research opinions on particular investments.

If you have any questions regarding the supervision of Mark Sette's advisory activities on behalf of Wealthsimple, please contact Tomasz Krzywicki, Chief Compliance Officer, at +1 (855) 782-3559.

## **Curtis Pope, Portfolio Manager**

### **Item 2: Educational Background and Business Experience**

Born 1986

**Education:**

Gordon College, BA in Economics, 2008

Columbia University, MA in Education 2012

**Professional Licenses:**

FINRA Series 7 & Series 66

**Business Experience:**

Oct 2018 - present: Wealthsimple

2014 - 2018: Morgan Stanley

2012 - 2014: E-commerce Startup Founder (edited)

2011 - 2012: Columbia University Office of Development

2009 - 2010: AmeriCorps

### **Item 3: Disciplinary Information**

To the best of Wealthsimple's knowledge, there are no legal or disciplinary events material to a client's or prospective client's evaluation of Curtis Pope.

### **Item 4: Other Business Activity**

Other than his service to Wealthsimple and Wealthsimple's affiliates, including Wealthsimple Inc., Curtis Pope is not actively engaged in any other investment-related business or occupation.

Curtis Pope is not registered, nor does he have an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA"), or an associated person of an FCM, CPO, or CTA.

Other than with respect to Wealthsimple and Wealthsimple's affiliates, including Wealthsimple Inc., Curtis Pope is not actively engaged in any business or occupation for compensation which provides a substantial source of income or involves a substantial amount of his time.

### **Item 5: Additional Compensation**

Other than Curtis Pope's regular salary and regular bonus he received from Wealthsimple and Wealthsimple's affiliates, including Wealthsimple Inc., he does not receive an economic benefit from anyone who is not a client for providing advisory services.

## **Item 6: Supervision**

Wealthsimple has adopted and implemented written supervisory policies and corresponding procedures which are reasonably designed to prevent violations of applicable federal securities laws. All personnel of Wealthsimple, including those supervised persons who formulate investment advice for clients, who have direct client contact, and have discretionary authority over a client's assets, are required to comply with applicable securities laws and Wealthsimple's policies and procedures.

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If you have any questions regarding the supervision of Curtis Pope's advisory activities on behalf of Wealthsimple, please contact Tomasz Krzywicki, Chief Compliance Officer, at +1 (855) 782-3559.

## **Greg Smith, Head of Business Development and Partnerships**

### **Item 2: Educational Background and Business Experience**

Born 1978

Education:

Stanford University, BA in Economics, 2001

Professional Licenses:

FINRA Series 65

Business Experience:

2017 - 2019: Wealthsimple

2015 - 2017: bloom (401k digital advisor)

2012 - 2015: Author, speaker, and independent consultant

2001 - 2012: Goldman Sachs

### **Item 3: Disciplinary Information**

To the best of Wealthsimple's knowledge, there are no legal or disciplinary events material to a client's or prospective client's evaluation of Greg Smith.

### **Item 4: Other Business Activity**

Other than his service to Wealthsimple and Wealthsimple's affiliates, including Wealthsimple Inc., Greg Smith is not actively engaged in any other investment-related business or occupation.

Greg Smith is not registered, nor does he have an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA"), or an associated person of an FCM, CPO, or CTA.

Other than with respect to Wealthsimple and Wealthsimple's affiliates, including Wealthsimple Inc., Greg Smith is not actively engaged in any business or occupation for compensation which provides a substantial source of income or involves a substantial amount of his time.

### **Item 5: Additional Compensation**

Other than Greg Smith's regular salary and regular bonus he received from Wealthsimple and Wealthsimple's affiliates, including Wealthsimple Inc., he does not receive an economic benefit from anyone who is not a client for providing advisory services.

### **Item 6: Supervision**

Wealthsimple has adopted and implemented written supervisory policies and corresponding procedures which are reasonably designed to prevent violations of applicable federal securities laws. All personnel

of Wealthsimple, including those supervised persons who formulate investment advice for clients, who have direct client contact, and have discretionary authority over a client's assets, are required to comply with applicable securities laws and Wealthsimple's policies and procedures.

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If you have any questions regarding the supervision of Greg Smith's advisory activities on behalf of Wealthsimple, please contact Tomasz Krzywicki, Chief Compliance Officer, at +1 (855) 782-3559.