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[www.acorns.com](http://www.acorns.com)

March 31, 2022

### **Item 1 – Cover Page**

This wrap fee program brochure provides information about the qualifications and business practices of Acorns Advisers, LLC (“Acorns”). If you have any questions about the contents of this brochure, please contact us at (855) 739-2859 or email us at [support@acorns.com](mailto:support@acorns.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Acorns is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”); however, such registration does not imply a certain level of skill or training. Additional information about Acorns is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This Wrap Fee Program Brochure (“Brochure”) is dated March 30, 2022. The following information provides a summary of material changes that have been made to this Brochure and the Client Relationship Summary (“Form CRS”) since the last annual update on December 30, 2021.

Under *Services, Fees and Compensation*: provided information on an additional ETF offered through our existing advisory services. Investors can affirmatively elect to allocate a portion of their portfolios to a bitcoin-futures ETF.

Under *Form CRS*: provided information on an additional ETF offered through our existing advisory services. Investors can affirmatively elect to allocate a portion of their portfolios to a bitcoin-futures ETF.

Under *Form CRS*: amended response in disciplinary history section to account for historical disciplinary events.

Please note that nonmaterial updates and formatting changes were also made to the Brochure and Form CRS.

The foregoing is only a summary of the material changes to the Brochure and Form CRS. We encourage all recipients to read each carefully in its entirety and contact Acorns with any questions.

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

### **Description of Advisory Business and Services Offered**

Acorns is a roboadvisor, which offers investment advisory services through a wrap fee program. Acorns is registered with the SEC as an investment adviser under the Advisers Act as of 9/23/2013. Our principal office is located at 5300 California Avenue, Irvine, CA 92617. If you have any questions about the contents of this Brochure, please contact us at (855) 739-2859 or email us at support@acorns.com.

Investment opportunities provided by Acorns are designed to encourage early adoption of non-retirement and retirement investments, but Acorns does not provide overall financial or tax planning. Acorns' investment advisory services are provided principally through Acorns' mobile application and web-based application (together, the "Acorns App"). Clients can invest as little as five dollars (\$5) at a time into their account(s) with Acorns.

Acorns offers three types of investment accounts,

- (1) traditional individual investment accounts ("Acorns Invest"),
- (2) Individual Retirement Accounts, often referred to as "IRAs ("Acorns Later"), and
- (3) UGMA/UTMA investment accounts for the benefit of minors ("Acorns Early", and together with Acorns Invest and Acorns Later, the "Acorns Accounts").

Acorns provides investment advice through model portfolios comprised of Exchange Traded Funds ("ETFs") managed by third-party investment adviser(s) reflecting target asset allocations across various asset classes, for example stocks (equities) and bonds (fixed income). Acorns currently offers five (5) model portfolios reflecting investment outlooks and risk tolerances ranging from 'conservative' to 'aggressive' in the "Core Portfolio" and four (4) model portfolios in the "Environmental, Social and (Corporate) Governance ("ESG") Portfolio" (there is no "conservative" portfolio available in the ESG Portfolios). Acorns designed the Portfolios and manages their target asset allocations utilizing strategies based on modern portfolio theory. Acorns uses a proprietary computer software-based algorithm to match each client's Acorns Account(s) to the Portfolio best suited to the underlying beneficiary's investment goals based on a suitability profile that each client creates through the Acorns App upon opening an account. A client's initial Portfolio selection is generated by Acorns' software- based algorithm, which selects among the Portfolios based upon the client's financial situation, investment horizon, and risk profile, among other factors.

A client may choose to override such algorithmic determination by selecting a different Portfolio if they so choose. Acorns reviews and evaluates Portfolio allocation determinations periodically in line with material updates to a client's suitability profile. As a result, we recommend that clients ensure their financial condition, risk tolerance and investment goals are kept current in their client profile on the Acorns App. To facilitate the updating process, we send quarterly and annual requests to clients to make any necessary updates to their client profile.

With respect to the Acorns Early accounts, Acorns has determined to utilize the "aggressive" Portfolio for all Acorns Early accounts. Acorns provides investment advisory services only

through the Acorns Accounts.

In addition to the model portfolios described above, a client can affirmatively elect to allocate a portion of their Core or ESG Portfolio to a bitcoin-futures ETF to their Acorns Invest Account. The target allocation corresponds with the investor profiles in the amounts set forth below:

Portfolio (applies to Core and ESG)	Percentage of Portfolio Allocable to bitcoin-futures ETF
Conservative	1%
Moderately Conservative	2%
Moderate	3%
Moderately Aggressive	4%
Aggressive	5%

To align the target asset allocation of an Acorns Account with the Portfolio selected by Acorns based upon the client's suitability profile, Acorns purchases ETFs through its affiliate broker-dealer, Acorns Securities, LLC. As clients make further deposits into, or withdrawals from, their Acorns Accounts, the corresponding transactions made by Acorns are designed to rebalance the account toward the target allocation of the relevant Portfolio. Upon a client's request to withdraw monies from its Acorns Account, sales of the ETFs underlying such client's Portfolio are initiated in a manner designed to maintain the target allocation of the relevant Portfolio. Acorns will initiate a rebalancing if an Acorns Account's holdings deviate significantly (i.e., by 5% or more) from the applicable Portfolio's target allocation. In this way, Acorns seeks to maintain the client's target asset allocation through market fluctuation, withdrawals, deposits, and other events that may cause deviations while seeking to minimize the transaction costs of frequent portfolio rebalancing. Rebalancing transactions are automatic, as are dividend reinvestments.

The rebalancing and reinvestment processes are automated. As a result, Acorns will sell over-concentrated ETFs and use the proceeds to buy under-concentrated ETFs to closer reflect target allocations regardless of market or other dynamics. The risks and limitations of the automated process could result in the continued purchase of underperforming ETFs and the sale of better performing ETFs to achieve the targeted allocation. All transaction costs are rolled into the Acorns Grow Subscription Fee paid by the customer. In some market conditions, this may create capital gains and potentially other tax liabilities. Any costs imposed by the manager of the ETF would be expressed through the pricing of the ETF.

Acorns designed the selection and relative weighting of the ETFs in each of the Portfolios to pursue specific investment objectives, including diversification. Removing an ETF from any

of the Portfolios will change the weightings of ETFs in the resulting altered Portfolio in a way that deviates from Acorns' investment advice and may adversely impact performance. Notwithstanding the foregoing, clients may request to impose certain limited management restrictions on their account, which restrictions may be implemented at the discretion of Acorns, by excluding an ETF that would otherwise be included in a Portfolio. Due to the relatively small number of ETFs in each of the Portfolios, the exclusion of an ETF will materially alter the composition and risk level of a Portfolio, additionally, it shall prevent a customer from accessing the Acorns App due to the deviation from a programmed portfolio. If an ETF is excluded from a Portfolio, allocations to the remaining ETFs in the Portfolio will be made in the same relative proportions. Excluding an ETF from a Portfolio may adversely impact the performance of the Portfolio, and the modified Portfolio may not be suitable with respect to a client's stated investment objectives, risk tolerance, financial condition or other facts and circumstances. Clients should only make an exclusion or other modification request after carefully reviewing and analyzing all pertinent information about the Portfolios available on the Acorns website or through the Acorns App, including the resulting impact the removal of an ETF may have on how the modified Portfolio aligns with their investment goals and risk tolerance. Clients may request reasonable restrictions on the management of their Acorns Account or request to modify existing restrictions by calling (855) 739-2859 or emailing [support@acorns.com](mailto:support@acorns.com).

This information provided herein regarding the investment advisory services provided by Acorns is qualified in its entirety by reference to the Acorns Advisory Agreement and the Acorns Grow Program Agreement.

### **Assets Under Management**

As of March 25, 2022, Acorns' total regulatory assets under management ("AUM") are approximately \$6,170,671,192.

### **Compensation for Advisory Services & Wrap Fees**

Acorns' clients pay a monthly subscription fee ("Subscription Fee") to Acorns Grow Incorporated ("Acorns Grow"), the parent company of Acorns, for access to the Acorns Grow platform. The Subscription Fee represents the total fee that clients pay each month<sup>1</sup>. It is composed of the "Acorns Advisory Fee" and the "Acorns Grow Program Fee". The Acorns Grow Program Fee is assessed for clients' overall access to the Acorns Financial

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<sup>1</sup>*Subscription Fees are assessed and charged monthly on the Fee Date. The Fee Date means the Business Day each month when the applicable Subscription Fee for that calendar month will be withdrawn from the client's funding source. The Fee Date is the monthly anniversary of the date a client's first Acorns Account was verified ("Verified Date"). If the Verified Date falls on a day that is not a business day month, the Fee Date for that month will on the next preceding business day. If the Fee Date would fall on a day in the prior month (for example, due to weekends or holidays) the Fee Date is the first business day of the following calendar month. To the extent clients do not have sufficient funds in their funding source to cover the Subscription Fee, Acorns may sell shares in such client's Acorns Account to pay such Subscription Fee.*

Wellness System, including but not limited to, financial education information and Earn. The program may cost a client more or less than purchasing such services separately.

The Subscription Fee is collected by Acorns Grow, after which the portion allocable to Acorns (namely, the Acorns Advisory Fee) is paid out from the total Subscription Fee. The Acorns Advisory Fee covers investment advisory services provided to clients across all applicable Acorns Accounts, which may include Acorns Invest, Acorns Later and/or Acorns Early Accounts. The Acorns Advisory Fee also covers the costs of trade execution, clearance, custody, account reporting, and, if applicable, the services of the IRA Custodian and Administrator. Subscription Fees and their component fees are not negotiable. The amount of the Subscription Fee depends on the Subscription Tier in which a client is enrolled/subscribed, as further described below.

### **Fee Schedule\***

The schedule of Subscription Fees and their component fees is set forth in the table below:

<b>Tier</b>	<b>Services/ Products Included*</b>	<b>Acorns Grow Subscription Fee</b>	<b>Acorns Advisory Fee</b>	<b>Acorns Grow Program Fee</b>
\$1 Tier** (Assist)	Acorns Invest	\$1.00	\$0.10	\$0.90
\$3 Tier (Personal)	Acorns Invest and/or Acorns Later	\$3.00	\$0.10	\$2.90
\$5 Tier (Family)	Acorns Invest, Acorns Later, and/or Acorns Early	\$5.00	\$0.10	\$4.90

*\*All Tiers include access to exclusive Acorns Grow financial education materials, Round-Ups, Earn Rewards opportunities and certain other non-advisory services.*

*\*\*As of September 21, 2021, Acorns has limited the accessibility of the \$1 Tier to clients facing economic hardship or special partnerships. New clients are no longer able to select the \$1 Tier at sign-up, however, they can opt into the \$1 Tier via the Acorns App or website immediately after account creation.*

If your Combined Monthly Balance on the Fee Date is \$1,000,000 or more and you do not have an Acorns Checking Account, \$100 per \$1,000,000 of Combined Monthly Balance on the Fee Date (for the avoidance of doubt, the Subscription Fee in that scenario will be one hundredth of one percent (.01%) of the number obtained by rounding your Combined Monthly Balance down to the nearest whole multiple of \$1,000,000).

If your Combined Monthly Balance on the Fee Date is \$1,000,000 or more and you have an Acorns Early Account, Acorns Checking Account, \$100 per \$1,000,000 of Combined Monthly Balance on the Fee Date (for the avoidance of doubt, the Subscription Fee in that scenario will be one hundredth of one percent (.01%) of the number obtained by rounding

your Combined Monthly Balance down to the nearest whole multiple of \$1,000,000) plus \$5.

Clients should be aware that Acorns is designed for individuals who make frequent recurring investments. The Fee Schedule may not be appropriate for individuals looking to make few or infrequent small-dollar investments.

The Subscription Fee is charged monthly and paid by a recurring monthly ACH debit and electronic funds transfer that deducts money from each client's linked checking account.

*Pursuant to the Acorns Program Agreement, to the extent clients do not have sufficient funds in their funding source to cover the Subscription Fee, or have broken the link to their funding source, Acorns may sell shares in such client's Acorns Account to pay such Subscription Fee.*

Clients are charged a single monthly wrap fee and all transaction costs are paid by Adviser from the proceeds of the collective Acorns Advisory Fees. The advisory and other services that are reflected in the Subscription Fee may exceed the costs of similar services purchased separately.

### **Additional Fees**

ETFs charge fees in the form of an expense ratio, which is charged by the ETF adviser for managing the ETF. Also included in the expense ratio are management fees, marketing costs, custodial services, etc. These fees are entirely separate and distinct from the Subscription Fees paid to Acorns for its wrap fee program. The expense ratio of each ETF included in the Portfolios is outlined in the respective ETF prospectus.

Acorns reserves the right to waive any Subscription Fees or Acorns Advisory Fees associated with an Acorns Account at its sole discretion, but Acorns is unable to waive fees associated with the expense ratios of the ETFs comprising the Portfolios. Acorns does not charge performance fees.

Certain additional fees may be charged to a customer for specifically requested services or irregular occurrences (for example, manual rollovers, outgoing asset transfers, and in-kind withdrawals).

### **Compensation for Recommendations**

Acorns does not compensate salespersons or enter into professional solicitation service agreements. However, Acorns pays referral fees to existing clients in connection with client referrals of new clients (the "Referral Program"). For additional information on the Referral Program, please see the summary of the Referral Program Agreement under Item 9 or the full agreement via the Acorns website: <https://www.acorns.com/referral-agreement/>. Acorns also pays referral fees to affiliate partners in connection with referrals of new clients. The terms for each affiliate partner are located on the affiliate partner's landing page.

### **Brokerage Practices**

Acorns places all brokerage orders with its affiliated broker, Acorns Securities, LLC ("Acorns Securities"), to buy, rebalance, and sell as necessary to maintain the asset allocation of the Portfolio that Acorns has selected for each Acorns Account, or in cases where the



client has decided to forgo Acorns' recommendation and select its own Portfolio, the client's selected Portfolio. By combining brokerage and advisory services, Acorns believes that it simplifies the investment process for its customers.

Acorns Securities is responsible for providing confirmations and statements to Acorns clients. Acorns Securities utilizes RBC Capital Markets, LLC as custodian to hold clients' funds and ETF shares in safekeeping and to execute, clear, and settle ETF trades on an omnibus basis. Acorns uses Forge Trust to serve as custodian and administrator of Acorns Later Accounts.

Since Acorns Securities serves as the broker for all Acorns Accounts, clients may benefit from savings on execution costs that would not be available without volume trading discounts or batched orders. Additionally, there are instances where aggregating orders will be the only means of creating an order that is in whole shares. However, Acorns realizes that conflicts of interest exist with respect to aggregating orders of various client types, such as individuals, as well as aggregating client orders with the orders on behalf of accounts advised by Acorns in which we, our employees and/or principals have an economic interest ("proprietary accounts").

To mitigate any such conflicts of interest, all clients participating in the aggregated order receive an average share price with all other transaction costs shared on a pro-rata basis. Additionally, each client that participates in an aggregated order will participate at the average share price for all Acorns transactions in that security on a given business day. Acorns will aggregate transactions consistent with its duty to seek best execution and consistent with the terms of the Acorns Program Agreement. Under no circumstances will an advisory client be favored over any other advisory client. Any request to obtain information on the average share price should be directed to (855) 739-2859 or via email at [support@acorns.com](mailto:support@acorns.com).

The firm does not engage in activities involving "soft dollars."

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

Acorns provides investment advisory services to natural persons who are (i) legal U.S. residents, (ii) maintain and link a checking account or other verified funding source with a U.S. bank or financial institution to their Acorns Account, and (iii) pass Acorns' identity verification protocols. The beneficiary of each Acorns Early Account must also be a U.S. resident with a valid social security number. There is no minimum account size, and the minimum investment is \$5. Acorns Accounts may not be jointly held, held through a trust or funded by business checking accounts.

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

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

Acorns acts as discretionary investment adviser to the Acorns Accounts via its proprietary interactive software application the Acorns App and does not rely on external or individual portfolio managers. Clients provide detailed identity information, answer suitability

questions, and provide information on their risk tolerance when establishing their account(s) and are encouraged by Acorns to update such information on a periodic basis.

Acorns uses a proprietary computer software-based algorithm to match each client's Acorns Account(s) to the Portfolio best suited to the underlying investment goals based on a suitability profile that each client creates through the Acorns App upon opening an account. In addition, the Investment Committee (the "Committee") of Acorns advises on investment modeling, portfolio construction, investment policies, and asset allocations of the Portfolios that Acorns manages on behalf of its investors.

Investing in securities involves risk of loss that clients should be prepared to bear, including loss of the entire amount invested by a client. Acorns does not and cannot guarantee any level of performance or that any client will avoid losses in his or her Acorns Account(s). Clients should remember that past performance is no guarantee of future results. When evaluating risk, financial loss may be viewed differently by each client and may depend on various factors that change over time. Clients need to understand that investments in Acorns Accounts are subject to various market, volatility, liquidity, asset-specific, sector-specific (e.g., interest rate risks), geopolitical, concentration-related, and other risks inherent in investing.

#### **Performance-Based Fees and Side-By-Side Management**

Acorns Advisers does not charge performance-based fees. Clients are only charged the subscriptions fees described in Item 4.

#### **Voting Client Securities**

Acorns does not have the authority to vote client securities under the Acorns Account Agreement. Clients are responsible for voting the ETF shares in their Portfolio and will receive proxy voting materials for the ETFs with instructions on how to vote their ETF shares directly from Acorns Securities, LLC or a vendor acting on behalf of Acorns Securities.

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

A client's initial Portfolio selection is generated by Acorns' software-based algorithm, which selects among the Portfolios based upon the client's financial situation, investment horizon, and risk profile, among other factors. There are inherent limitations on Acorns' selection methodology as the suitability factors evaluated by the Acorns algorithm do not comprehensively address all relevant considerations when making investment suitability determinations. For example, client suitability profiles do not address tax considerations or cash flow needs of clients. A client may also choose to override such algorithmic determination, in which case the Portfolio selected may not align with such client's investment goals. Acorns reviews and evaluates Portfolio allocation determinations periodically in line with updates to a client's suitability profile. As a result, we recommend that clients ensure their financial condition, risk tolerance and investment goals are kept current in their client profile on the Acorns App.

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

Acorns acts as discretionary investment adviser to the Acorns Accounts via its proprietary interactive software application the Acorns App and does not rely on external or individual portfolio managers. Clients provide detailed identity information, answer suitability questions, and provide information on their risk tolerance when establishing their account(s) and are encouraged by Acorns to update such

information on a periodic basis.

Clients may contact Acorns via email at any time, or phone/e-chat, when available. Access to investment advisory personnel is generally limited to normal business hours, and not all customer support personnel are licensed to provide investment advice. Acorns maintains a website and encourages clients to review the FAQ available on the website and within the Acorns App as access to such information is immediate.

## **Item 9 – Additional Information**

### **Disciplinary Information**

To the best of our knowledge, Acorns Advisors, LLC and its management persons have not been subject to any material legal or disciplinary events.

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

Acorns is affiliated with Acorns Securities, LLC, a FINRA and SEC registered broker-dealer in the United States.

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

#### **Code of Ethics**

The Acorns Code of Ethics (the “Code”) reflects the Firm’s high ethical standards and requires Acorns employees to exercise prudent judgment in the execution of job responsibilities, to always put client interests ahead of their own personal interests and the interests of Acorns, and to consider how their actions will reflect on themselves and Acorns. Pursuant to the Code, Acorns employees must comply with all securities laws and are encouraged to report any suspected violations of the Code to the Chief Compliance Officer (“CCO”) and Chief Legal Officer (“CLO”) immediately.

A copy of the Code will be provided to clients upon request by contacting Acorns Advisers at (855) 739-2858 or by emailing [support@acorns.com](mailto:support@acorns.com).

#### **Personal Trading**

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

Acorns’ Code is designed to mitigate material conflicts of interest associated with personal trading activities of Acorns employees.

The Acorns compliance department will monitor personal trading of Acorns Access Persons for compliance with the IPO and Private Placement pre-clearance requirements and more generally to try and detect potentially abusive behavior.

#### **Conflicts of Interest**

Managing conflicts of interest is an integral part of Acorns’ compliance program. We believe that no organization can totally eliminate conflicts that exist explicitly or implicitly. Acorns evaluates its business activities and the actual and potential conflicts that may emerge from its

activities on an ongoing basis. Business relationships that may cause a conflict of interest can include, but are not limited to, those in which an employee:

- Holds a significant personal financial interest in a company that conducts business with Acorns.
- Is an immediate relative or close friend of someone who stands to directly profit from and/or who holds a financial interest in a company that conducts business with Acorns.
- Is involved in any form of personal or business relationship with a client that could directly affect the employee's ability to make an independent decision in the administration of the client's business with Acorns; and
- Engages in business or volunteer work that detracts from his/her ability to discharge professional obligations effectively and diligently.

### **Trading in securities as Principal or in securities recommended to clients**

Acorns and its employees may engage in principal trades in securities and in securities recommended to clients. To the extent it is necessary to resolve an unexpected issue within a customer's account, Acorns Securities, via its clearing firm, RBC Capital Markets, will take the securities into the Acorns Securities omnibus account and liquidate the position.

### **Review of Accounts**

Acorns financial personnel conduct a sample review of accounts and statements monthly for purposes of monitoring for any unexpected issues.

Clients are encouraged to make Acorns aware of any changes to their suitability profile by updating their investor profile within the Acorns platform. This includes changes to their financial objectives, risk tolerance or other financial circumstances, which could result in a necessary modification to their portfolio. Clients can update their investor profile through the Acorns App. Acorns Account statements are provided to clients via the Acorns website monthly or quarterly, depending upon the activity in the account.

### **Client Referrals and Other Compensation**

Acorns maintains a referral program pursuant to which existing clients are compensated for referring new clients. Referrers are not employees, contractors, or agents of Acorns.

### **Acorns Referral Program**

Acorns will credit a client's Acorns Account with a dollar amount that is invested into their Invest Account after the referring client and the referred client have met all eligibility criteria under the terms and conditions for the applicable referral promotion, which will vary by promotion. After each referred client (1) opens an Acorns Account of the type specified by the applicable referral promotion, (2) deposits an initial investment amount of at least \$5 in such account, and (3) if applicable, maintains a subscription with Acorns for the period specified by the applicable referral promotion, Acorns will credit the referring client's Acorns Account with Reward Shares that are collectively worth the reward amount at the time shares are purchased on the reward date.

**Financial Information**

Acorns does not require or solicit prepayment of more than \$1,200 in fees per client nor has it been the subject of a bankruptcy petition at any time.