

# SVB Wealth LLC

## Part 2A of Form ADV, Appendix 1: Wrap Fee Program Brochure

March 31, 2024

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This wrap fee program brochure provides information about the qualifications and business practices of SVB Wealth LLC (“**SVBW**”). If you have any questions about the contents of this brochure, please contact us at 617.223.0200 or at [compliance.wealth@svb.com](mailto:compliance.wealth@svb.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Additional information about SVBW, also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration with the SEC does not imply a certain level of skill or training.

The investment advisory services described in this brochure are not insured by the Federal Deposit Insurance Corporation (“**FDIC**”) or any other government agency, are not a deposit or other obligation of or guaranteed by any other entity or person affiliated with SVBW and are subject to investment risks, including possible loss of principal.

## ITEM 2 - SUMMARY OF MATERIAL CHANGES

This wrap fee program brochure, dated March 31, 2022, represents a material update to the wrap fee program brochure filed by SVB Wealth LLC ("SVBW") on August 2, 2022. The following material changes were made since our updated filing on March 31, 2023.

- > Acquisition of SVBW. In March 2023, SVBW was acquired by First Citizens Bank & Trust Company ("**FCB**"), as we previously disclosed at the time of the event. This section updates our clients on the material aspects of the acquisition and its implications one year later.
  - Operational Changes: Following the acquisition, SVBW has integrated some of its operational functions with FCB. This includes some centralization of operational functions including but not limited to, shared administrative services, technology platforms, etc. These changes aim to enhance operational efficiency and improve client service.
  - Management and Personnel: The acquisition has led to some changes in our management and personnel. There have been departures, new hires, and role changes. These changes are part of our commitment to providing high-quality investment advisory services.
  - Investment Strategies and Risk Management: Our core investment strategies and risk management practices remain unchanged. Our commitment to aligning with our clients' investment goals and risk tolerance continues to be our top priority.
  - Client Services and Communications: We have enhanced our level of client service and communication with the extensive network and expertise, as well as the strength, stability, and expanded resources offered through First Citizens.
  - Financial Condition and Performance: The strategic partnership has significantly strengthened our financial stability and resources. The acquisition has enhanced our capital base, allowing SVBW to invest further in our people, technology, and client services. Being part of a larger, well-capitalized institution like FCB provides us with increased financial security and the backing to navigate various market conditions confidently. This relationship supports our long-term commitment to delivering exceptional advisory services and maintaining the trust and confidence of our clients. SVBW is committed to leveraging the strengths of this partnership to enhance our service offerings and continue providing the high-quality, personalized investment management and advisory services that our clients expect from SVBW.
  - Legal and Regulatory Compliance: Post-acquisition, we have continued to adhere to stringent legal and regulatory standards.
  - Future Outlook: Looking forward, SVBW is well positioned to navigate the evolving financial landscape and continue our growth trajectory. Our strategic focus will be on leveraging the combined strengths and resources of SVBW, FCB and affiliates to enhance our service offering and expand our market reach.

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## ITEM 4 - SERVICES, FEES, AND COMPENSATION

SVB Wealth LLC (“**SVBW**” or “**we**” or “**us**”), a Massachusetts limited liability company, is an investment adviser registered with the United States Securities and Exchange Commission (the “**SEC**”) under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). SVBW is a wholly owned, non-bank subsidiary of First-Citizens Bank & Trust Company (“**FCB**”), which in turn, is a wholly owned subsidiary of First Citizens Bancshares, Inc., a publicly-traded company (NASDAQ: FCNCA). Previously, SVBW was owned by Silicon Valley Bridge Bank, N.A. (“**SVBB**”), a full-service FDIC-operated ‘bridge bank’ chartered by the Office of the Comptroller of the Currency as a national bank, and prior, Silicon Valley Bank (“**SVB**”), which was closed by the California Department of Financial Protection and Innovation. Upon the closure of SVB, the Federal Deposit Insurance Corporation (the “**FDIC**”), as the appointed receiver, transferred substantially all of the assets of SVB to SVBB on March 13, 2023.

SVBW has been in business since 2014, originally operating as Boston Private Wealth LLC (“**BPW**”), a subsidiary of Boston Private Financial Holdings, Inc. (“**BPFH**”). In 2021, SVBW’s former parent company, Silicon Valley Bank, acquired BPFH. As part of the integration, BPW changed its name to SVB Wealth LLC in 2022.

SVBW offers various investment advisory services made available to clients primarily through its “**Private Wealth Advisors**” (collectively referred to herein as **Private Wealth Advisors** and each, a **Private Wealth Advisor**). Private Wealth Advisors are individuals associated with SVBW as investment adviser representatives. Some Private Wealth Advisors are also registered representatives of SVBW’s affiliate, SVB Investment Services Inc. (“**SVBIS**”), an SEC-registered broker-dealer and a member of the Financial Industry Regulatory Authority (“**FINRA**”).

SVBW sponsors a wrap fee program (the “**Wrap Fee Program**”) in partnership with an unaffiliated third-party, Betterment LLC (“**Betterment**”), an SEC-registered investment adviser. The Wrap Fee Program is offered to clients through an online platform (“**Betterment Platform**”) managed by Betterment. In providing this program, we consider potential conflicts of interest associated with your participation in the Wrap Fee Program and the broad financial needs of our clients and the review of certain information with clients by offering and tailoring investment solutions, including but not limited to, a client’s investment objectives, income, net worth, current financial information, investing time horizon, financial and/or retirement goals and risk tolerance (“**Client Information**”). The Wrap Fee Program relies on certain Client Information and uses Betterment’s proprietary asset allocation techniques for Betterment to provide discretionary, goal-based management of your personal investment portfolio, together with ancillary custody and brokerage services, for an all-inclusive “wrap” fee. SVBW recommends that certain eligible clients implement their investment portfolios through the Wrap Fee Program. SVBW shall not exercise any direct, day-to-day discretionary trading authority over your account at Betterment, but will maintain discretionary authority over your investment advisory

relationship with our firm and have the authority to engage Betterment for the management of your account(s).

We want you to make an informed investment decision regarding your use of the Wrap Fee Program. To that end, this brochure provides important information and disclosure regarding the program, including information regarding material arrangements and potential conflicts of interest that we think you will find informative. You should carefully and independently review all of the features and risks of the Wrap Fee Program, along with all of the disclosures contained in this brochure and on the Betterment Platform, before opening an account and beginning to invest through the Wrap Fee Program, to ensure that the Wrap Fee Program is a suitable and appropriate solution for your current investment needs.

### THE WRAP FEE PROGRAM

In the Wrap Fee Program, Betterment, as the sub-advisor, uses strategic asset allocation principles to invest client assets in various liquid asset classes using certain preferred ETFs as the investment assets, and other liquid cash and cash-like accounts as secondary investment assets. MTG LLC, doing business as Betterment Securities (“*Betterment Securities*”), Betterment’s affiliated broker-dealer, acts as broker-dealer and custodian for client accounts in connection with the Wrap Fee Program.

Betterment and Betterment Securities provide a suite of services in connection with the Wrap Fee Program, including sub-advisory, custody, and brokerage services, together with access to the Betterment Platform. Through the Betterment Platform, clients will establish, access, and manage their accounts. Initially, clients will provide certain of their Client Information to Betterment, which Betterment will use to generate an investment policy statement (“*IPS*”). Betterment’s algorithm will then recommend and build a diversified portfolio of investment products based on this information for each of client’s financial goals and account types. In general, Betterment’s asset allocations consist of varying proportions of fixed income and equity asset classes selected by Betterment.

Betterment manages clients’ investment portfolios on a discretionary basis, including by automatically adjusting and rebalancing investment products back to targets based on certain “drift” parameters (although clients can generally request rebalancing only in response to cash flows), while providing clients with ongoing portfolio reporting. The Betterment Platform provides self-help tools to help clients understand their risks, access to information related to transactions and the visibility to review account performance.

The Wrap Fee Program also offers clients tax loss harvesting and automated asset allocation services and the option to donate appreciated securities holdings to certain qualified charities. The value provided by these optional services will vary depending on each client’s personal circumstances. Through the Betterment Platform, clients can adjust the IPS and aggregate outside financial account assets to provide further input to Betterment’s discretionary management. Clients can impose certain permitted and reasonable restrictions on Betterment’s ongoing management of Client’s assets. In addition, Betterment offers clients additional services like checking accounts and high-yield cash accounts.

The Wrap Fee Program provides opportunities for clients to review their accounts including access to a periodic review conducted by a SVBW Private Wealth Advisor assigned to their accounts during which clients can alter their reasonable restrictions and update certain client information. At all times, clients have sole authority to liquidate and withdraw securities and cash from accounts, subject to the usual and customary settlement procedures, and except as otherwise be required for payment of fees and expenses (as described below). Clients can also, at any time, transfer additional eligible assets into accounts. SVBW initiates the closure of client accounts under a variety of circumstances described in our advisory contract. If we do so, Betterment, in its discretion, offer clients the ability to continue investing through Betterment's direct-to-client offering under a new advisory contract.

SVBW can selectively terminate investment advisory agreements with respect to client accounts and not others. As a condition of opening an account and beginning to invest through the Wrap Fee Program, clients are generally required to enter into an investment advisory agreement with SVBW, a sub-advisory agreement with Betterment and a brokerage and custody agreement with Betterment Securities. A client can stop investing through the Wrap Fee Program at any time with notice to SVBW and Betterment. Clients' agreements with Betterment, along with Betterment's disclosure brochure, provide specific information on how clients can terminate their advisory relationship with Betterment, along with other terms and conditions of the engagement. Clients should contact Betterment directly for questions regarding their sub-advisory agreement with Betterment or Betterment's client disclosure documents.

SVBW's Private Wealth Advisors will, among other things, assist you in determining if the Wrap Fee Program is suitable and appropriate for your initial and ongoing investment needs, and, if warranted and considered to be in a client's best interest, select another sub-adviser to provide similar, automated investment advisory services to your account. At all times, however, neither SVBW nor its Private Wealth Advisors exercise discretionary investment management authority over the assets held in client accounts under the Wrap Fee Program. Following closure of a client's account and/or termination of a client's advisory contract with SVBW, a client will be solely responsible for monitoring all of the securities in an account and neither SVBW nor Betterment will have any continuing obligation to act or offer advice with regard to those assets.

#### DELEGATION OF AUTHORITY

Clients grant Betterment full discretion to manage their accounts without clients' prior notice or consent. This discretionary authority is granted to Betterment pursuant to the sub-advisory agreement with Betterment, which each client must execute as a condition of opening an account and beginning to invest through the Wrap Fee Program. Under that agreement, Betterment is solely responsible for placing all orders for purchases, sales, and redemptions in connection with investment of the assets in a clients' accounts. This discretionary authority includes, among other things, the authority to select and change the composition of the investment products and invest and rebalance clients' accounts consistent with their target asset allocation under the IPS; to liquidate sufficient assets to pay Wrap Fees (as defined below) or any costs or expenses of the Wrap Fee Program;

and to carry out the actions necessary to fulfilling Betterment's fiduciary responsibilities under the Wrap Fee Program, in each case, without clients' prior notice or consent. Separately, pursuant to the SVBW investment advisory agreement, clients grant SVBW, among other things, discretionary authority as client's primary investment advisor and relationship contact for the Wrap Fee Program, to add and terminate the sub-advisory relationship with Betterment and to reallocate clients' assets to another custodian and/or platform provider. While SVBW will in that capacity be available to answer ongoing questions regarding the Wrap Fee Program or clients' accounts, we will not under any circumstances exercise discretionary authority over the management of clients' portfolios or cause the execution of securities transactions on clients' behalf.

#### FIDUCIARY RELATIONSHIP; IMPACT ON OTHER CLIENT AGREEMENTS

Investment advisory services such as the Wrap Fee Program create a fiduciary relationship with clients under applicable law. This means that we must act in our clients' best interest, and carefully manage any perceived or actual conflict of interest that arise in relation to our advisory services. The remainder of this brochure explains your rights, privileges, and obligations in providing you with the Wrap Fee Program and discloses material arrangements and potential conflicts of interest that you find informative when evaluating the Wrap Fee Program. If you open an account, we strongly encourage you to print this brochure and retain it for your records. Please note that although we act as your fiduciary investment adviser in providing the Wrap Fee Program to you, this does not affect any other advisory relationship you have with us. The nature of your existing advisory accounts, your rights and obligations relating to those accounts and the terms and conditions of any related investment advisory contracts in effect will not change in any way. In addition, if you have any other non-fiduciary relationships with us or any of our affiliates, opening an advisory account and beginning to invest through the Wrap Fee Program will not convert those other, non-fiduciary relationships into fiduciary relationships.

#### FEES AND EXPENSES

The Wrap Fee Program charges clients an all-inclusive "wrap-fee" (the "*Wrap Fee*") equal on an annualized basis to 0.40% of the value of the assets in a client's account. Of this, 0.25% of the Wrap Fee is received by Betterment and 0.15% is received by SVBW. The terms on which the Wrap Fee will be paid will be governed by your investment advisory agreements with SVBW and Betterment, respectively, which will authorize Betterment to calculate and automatically debit Wrap Fees from client accounts; SVBW does not charge its portion of the Wrap Fee directly to clients.

As a general matter, the Wrap Fee is calculated four times throughout the year, roughly coinciding with the calendar quarter (each, a "*Wrap Fee Period*"), and will be calculated using the average portfolio value of all assets of a client's account (including cash) as of the close of each calendar day. Wrap Fee payments will generally be due on the last business day of a Wrap Fee Period but will also be due immediately upon account termination and prior to a withdrawal that is equal to or greater than 98% of an account's market value at that time less the amount of accrued but unpaid Wrap Fees due. Other than as described above, Wrap Fees are not charged on the basis of a share of capital gains upon or capital appreciation of a client's account or any portion of a client's

assets. However, in certain circumstances, the Wrap Fee Program can charge a client for special requests or other irregular services.

We reserve the right to waive or modify the Wrap Fee at any time for any client and charge a proportionately lower or higher fee (following 30 days' prior written notice to a client in the event of any Wrap Fee increase), and to change the manner in which the Wrap Fee is calculated and paid or other aspects of the fee structure for certain clients, as determined on a case-by-case basis. In particular, special arrangements we enter with Betterment and promotions offered by the Wrap Fee Program can affect the aggregate Wrap Fees received by Betterment and/or SVBW. However, any change to the Wrap Fee for one client for any particular period will not obligate us to implement that change as to any other client or to continue offering that change for any other period.

Betterment and/or Betterment Securities will value account assets for Wrap Fee calculation purposes in accordance with its normal practices and procedures and will deduct the resulting Wrap Fees from client accounts when they become due and payable. This is the only method of billing the Wrap Fee Program supports and clients cannot select another method. The Wrap Fee Program places trades in client accounts without prior notification in order to make cash available to pay Wrap Fees. The obligation to pay Wrap Fees limit clients' ability to sell or otherwise liquidate securities in or to withdraw cash or securities from client accounts. It is each client's responsibility to verify the accuracy of Wrap Fee calculations.

There can be other negotiated fees for the provision of certain additional services provided by Betterment in connection with the Wrap Fee Program and the Betterment Platform. Any such fees will be paid directly by SVBW to Betterment, and clients will not separately be charged for any such fees, although the SVBW portion of the Wrap Fee can reflect some or all of the fees paid to Betterment.

In determining the amount, if any, of incentive compensation for our Private Wealth Advisors, we consider referrals to the Wrap Fee Program and the amount of Wrap Fee Program assets under management, attributed, in each case, to an individual employee. This creates an incentive for our Private Wealth Advisors that clients open an account and invest through the Wrap Fee Program. (See "Client Referrals and Other Compensation" under Item 9 (Additional Information) below.)

We do not share in any Wrap Fees earned by Betterment or receive any additional compensation from Betterment or Betterment Securities in connection with the Wrap Fee Program. However, we and our affiliates have other business relationships with Betterment or its affiliates that result in the receipt of other forms of revenue. (See "Other Financial Industry Affiliations" under Item 9 (Additional Information) below.)

#### **Services Included in Wrap Fee**

The Wrap Fee represents payment for the following advisory, custodial, brokerage, technology, and associated services that SVBW and its service providers provide to you as part of the Wrap Fee Program:

- identification of clients for whom the Wrap Fee Program

is suitable and appropriate;

- services provided by Betterment, including generation of client's IPS, discretionary account management and maintenance of the Betterment Platform;
- financial account aggregation services provided by a third party vendor;
- market statistics, financial and other performance data;
- custody and clearing charges;
- trading, execution and reconciliation services;
- custodial statements with account activity;
- account billing administration;
- recordkeeping and performance reporting;
- periodic review of client accounts and assistance provided by SVBW Private Wealth Advisors;
- tax reporting; and
- other Betterment Platform technology.

We have decided to offer the Wrap Fee Program on a "wrap" fee basis because we believe it best allows us to achieve our mission of simplifying your automated investing for your financial goals. For example, the Wrap Fee provides you with the flexibility to contribute or withdraw money or assets to or from your account and to make changes to your IPS without incurring any additional fees.

#### **Certain Considerations**

Fees and expenses can have a profound impact on your investment portfolio. Important considerations regarding the Wrap Fee are as follows.

- The Wrap Fee can be more or less than the cost of the services included in the Wrap Fee Program if they were provided separately or from another source. This can depend on several things, such as the amount of the Wrap Fee, the amount of trading activity in your account and the value of advisory, custodial, trade execution and other services that are provided under the arrangement. To determine the reasonableness of the Wrap Fee, you should consider the costs of the development and ongoing management of an asset allocation or investment strategy, the gathering and monitoring of information to make investment decisions, the costs of implementing those decisions, transaction costs, fees and taxes, commissions, markups/markdowns or dealer spreads on transactions, custodial costs, performance reports and tax statements.
- The Wrap Fee can be higher or lower than the ongoing or up-front fees or charges you pay on your existing investment advisory or brokerage accounts, including accounts with SVBW and our affiliates. In particular, it can be higher than those fees you paid or currently pay for other SVBW products and services, although it can be lower than the fees you paid or currently pay for other SVBW investment advisory services. It is also in addition to, and not in place of, any compensation that we receive from any other existing services that we provide to you outside of the Wrap Fee Program. While we only offer the Wrap Fee Program on a "wrap" fee basis, based on individual circumstances, it can be in your best interest to invest through a standard brokerage account that is outside of this offering, in which you pay commissions per trade.



- You can obtain automated, algorithmic investment management services that rely on an IPS similar to that used by the Wrap Fee Program for a lower fee than the Wrap Fee. For instance, Betterment offers direct-to-client (“retail”) advisory services similar to the Wrap Fee Program, which are not subject to the additional Wrap Fees charged by SVBW, but at the same time do not have the benefit of the additional services offered by SVBW under the Wrap Fee Program, such as the assistance provided and the periodic annual review conducted by our Private Wealth Advisors. In addition, the securities in which the Wrap Fee Program causes your account to invest are generally available to you outside of any advisory program offered by SVBW or Betterment and you could therefore generally avoid an additional layer of fees by not using the Wrap Fee Program and by making your own decisions regarding those investments.
- If you are a participant in an employer-sponsored retirement plan such as a 401(k) plan SVBW accepts rollovers to the Wrap Fee Program so SVBW or its Private Wealth Advisors have a financial incentive to recommend that you do so because we will earn Wrap Fees on those assets. The Wrap Fees charged under the Wrap Fee Program could be higher than those fees that a participant pays through an employer-sponsored retirement plan. In addition, commissions and sales charges can be charged when liquidating securities invested through such a plan prior to the transfer to your Betterment Securities account, in addition to commissions and sales charges previously paid on transactions in the plan.
- The Wrap Fee is based on the entire balance of your account, including any cash allocation. As a result, the Wrap Fee, at times, exceeds the return on the cash portion of your account, resulting in a negative impact on your account return or a “cash drag” to your account. The larger the cash allocation, the more significant the potential cash drag will be. While the cash portion of your account will generally not be significant, the cash drag could be meaningful in a very low or even negative interest rate environment. Since cash is very liquid, the rates paid to investors are generally significantly lower than the yield on other liquid securities. As interest rates increase over time, cash investments would be expected to see an increase in yield, as they have historically in rising rate environments, reducing the “cash drag” experienced by clients. In addition, inflation can erode the purchasing power of any uninvested cash.
- Custodial fees are generally included in the Wrap Fee except for fees for special requests or other irregular services, including, but not limited to, a reasonable service fee for the delivery of account communications that would otherwise be delivered electronically, physical delivery of securities and the transfer of assets to another broker-dealer, which are charged separately and in addition to that fee.
- Betterment will perform account billing administration, whereby it will act as a billing service provider, calculating and directing Betterment Securities to deduct from client accounts the Wrap Fee, and to further remit those fees to Betterment and SVBW. Client accounts will not be charged separately for this service that Betterment performs for SVBW’s benefit. However, if Betterment did not provide this

service, it is possible that the Wrap Fees clients paid might be lower.

- All Wrap Fees paid by clients are separate and distinct from the fees and expenses charged by ETFs and mutual funds. These fees and expenses, which include internal management and operating fees and expenses, early termination or redemption fees and other fees and expenses that can be assessed by the investment vehicle’s sponsor, custodian, transfer agent, adviser, shareholder service provider or other service providers, are described in each fund’s prospectus or disclosure statement and are embedded in the securities purchased by the Wrap Fee Program on every client’s behalf. The fees and expenses reduce the net asset value of the ETFs and mutual funds, and therefore directly affect its performance and indirectly affect overall account performance. These fees and expenses change from time to time at the discretion of the investment vehicle’s sponsor.
- The Wrap Fee creates an incentive for Betterment to design the asset allocation algorithms used by the Wrap Fee Program in such a way as to limit trading in Wrap Fee Program accounts because the execution costs of each trade will reduce the potential profit from the Wrap Fee (so-called “reverse churning”).

#### MATTERS RELATED TO CUSTODY

SVBW does not have possession or actual or constructive custody of any client assets invested through the Wrap Fee Program. Client assets are held by Betterment Securities, a qualified custodian, under the brokerage and custody agreement entered by clients directly. However, client assets for individual retirement accounts (“IRAs”) are held by Millennium Trust Company, LLC (“Millennium Trust”), a self-directed IRA custodian, pursuant to a separate custodial agreement. In either case, assets are held in clients’ names by the custodian. If clients do not wish to place assets with Betterment Securities or Millennium Trust, then clients cannot invest through the Wrap Fee Program.

Since SVBW has the ability to direct Betterment Securities to debit Wrap Fees directly from client accounts pursuant to clients’ investment advisory agreements, SVBW can be deemed by the SEC as having technical custody solely with respect to the fees we receive as revenue. However, it is Betterment Securities, not SVBW, which acts as custodian of client accounts and, in that capacity, has sole responsibility with respect to the collection of income, physical acquisition and safekeeping of the assets, investments, funds and other property held in those accounts.

By investing through the Wrap Fee Program, and entering into the related agreements, clients agree that Betterment Securities will deduct from the client’s account, and pay directly to SVBIS, Betterment and Betterment Securities, as applicable, the Wrap Fees payable without any additional notice or consent of the client. The payments received directly by SVBIS are later transferred to SVBW. At least quarterly, clients will receive account statements directly from Betterment Securities. It is important for clients to carefully review their statements and to compare them to performance reports received from Betterment in order to verify their accuracy. Clients should contact SVBW directly if they believe that there is an error in any statement.

## ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

### ACCOUNT REQUIREMENTS

The Wrap Fee Program is offered to new clients typically to individuals and certain entities with whom SVBW or its affiliates have a preexisting business relationship. In the case of individuals, Wrap Fee Program clients must be U.S. citizens and permanent legal residents of the United States, at least 18 years old and not on any governmental sanctions list of prohibited individuals. Eligibility requirements for entities will be provided on the Betterment Platform. The Wrap Fee Program allows accounts to be opened jointly with one's spouse or spousal equivalent. All advisory accounts are opened and maintained electronically through the Betterment Platform. SVBW is solely responsible for determining the initial eligibility for participation in the Wrap Fee Program, and, in its sole discretion, restrict any person from participating, including (but not limited to) those persons who are not specifically invited to participate by SVBW.

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens a Wrap Fee Program account. This means that clients are required to provide their name, address, date of birth and other information, including photo identification or other information or documentation, that will allow SVBW and Betterment to identify the client. If a client cannot provide the information or documentation the Wrap Fee Program requires, we may be unable to open the client's account and to allow the client to begin investing through the Wrap Fee Program, or the client may be required to close any active account.

Before proceeding to open an account, each client must make an individual determination that the Wrap Fee Program is a suitable and appropriate solution for the client's financial situation in light of its inherent limitations. If the Wrap Fee Program is not appropriate for you, you should consider possibly another investment or brokerage service or product entirely.

### TYPES OF CLIENTS

SVBW provides investment advisory, consulting, wealth management, and financial planning services to a wide variety of clients. Under the Wrap Fee Program, clients primarily open (through the Betterment Platform) individual accounts as well as IRAs.

## ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION

SVBW is an investment adviser with advisory discretion for selecting the Wrap Fee Program's sub-adviser, custodian and other service providers, and providing assistance to clients through our Private Wealth Advisors and various other duties and responsibilities, including certain client communications and recordkeeping.

### BETTERMENT

Betterment has been designated as the Wrap Fee Program's sole and exclusive sub-adviser, in which it generates a client's IPS based on certain Client Information, and provides

discretionary, ongoing management of client accounts based on the resulting asset allocation and investment recommendations, subject to our oversight. Betterment also provides the Betterment Platform through which Wrap Fee Program accounts are opened and the Wrap Fee Program is provided. We believe that Betterment has the requisite expertise and capabilities to serve in these various capacities.

Betterment has been in business since 2010. It employs strategic asset allocation principles to invest client assets on behalf of its direct advisory clients and third-party financial institutions (such as SVBW) with whom it has entered into agreements to offer advisory, brokerage, custodial, consulting and/or technology services. Those institutions provide input or exercise control over Betterment's management of client accounts. However, in the case of the Wrap Fee Program, neither SVBW nor its supervised persons will act as portfolio manager or otherwise exercise discretionary authority over client accounts. The performance of Wrap Fee Program accounts differ, potentially materially, if we were to manage or exercise control over them.

You can obtain digital, goal-based investment advisory services from Betterment that are in many respects similar to the Wrap Fee Program, but in certain other respects are different. While both the Wrap Fee Program and Betterment's direct-to-client services will rely on the same strategic asset allocation principles and utilize Betterment Securities as broker-dealer and custodian, the fees and expenses clients will pay, along with other terms and conditions applicable to accounts, can in fact differ substantially between those services. As a result, the returns of those direct-to-client services can differ, potentially significantly, from the Wrap Fee Program.

Additional information about Betterment's advisory services is available on its website, <https://www.betterment.com>, and on the SEC's website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

When you first open a Wrap Fee Program account, you will provide certain Client Information through the Betterment Platform. Some of this information will be elicited through a series of questions. Based on this information, the Betterment Platform will generate an IPS, which will be used to make ongoing investment decisions for your account. You can review and update your information anytime through the Betterment Platform if it changes, and the Wrap Fee Program will provide you with a formal opportunity to do so through our designated Private Wealth Advisors. Betterment provides certain Client Information to SVBW that clients authorize via their sub-advisory agreement with Betterment. However, SVBW does not provide any Client Information to Betterment regarding clients even if that information is in its possession or the possession of its affiliates; clients must directly provide Betterment with all information to be used by the Wrap Fee Program through the Betterment Platform.



## ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS

Although the algorithms that manage client accounts are overseen, monitored and updated by Betterment's investment advisory personnel, clients participating in the Wrap Fee Program will generally not interact directly with such investment advisory personnel, except as otherwise noted in this brochure. The client assistance provided for the Wrap Fee Program is educational and information in nature only. However, you can contact a SVBW Private Wealth Advisor for assistance related to your account using the contact information provided on the Betterment Platform. In addition, through the Wrap Fee Program's periodic review process, you can indicate to a SVBW Private Wealth Advisor on your account if, as a result of changes to your financial situation, investment objectives or otherwise, the Wrap Fee Program should make changes to your IPS. You can also update your information through the Betterment Platform anytime you wish, including following your review of one of the Wrap Fee Program's periodic performance reports.

While a SVBW Private Wealth Advisor is able to provide some assistance, you should note that all support for the Wrap Fee Program will generally be provided electronically through the Betterment Platform. You also should be aware that the Betterment Platform may not be available during market events, such as periods of significant volatility or downturns. At all times, you are responsible for taking action if you want to initiate changes to your account, including initiating its closure should you determine that the Wrap Fee Program no longer suits your current investment needs.

## ITEM 9 - ADDITIONAL INFORMATION

### DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management. As of the date of this Brochure, neither SVBW nor its management personnel have been subject to, or involved in, any legal or disciplinary events required to be disclosed in this Brochure.

### OTHER FINANCIAL INDUSTRY AFFILIATIONS

SVBW is not registered, and does not have an application pending to register, as a broker-dealer. SVBW's affiliate, SVBIS, is an SEC-registered broker-dealer. Previously a registered investment adviser, upon termination of SVBIS' registration status as such in July of 2022, SVBW assumed SVBIS clients' advisory agreements, *but some not all*, investment adviser representatives of SVBW are also broker-dealer registered representatives of SVBIS.

Neither SVBW nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

SVBW is affiliated with SVB Asset Management ("**SAM**"), an investment adviser registered with the SEC. The types of advisory services and the client mandates that SVBW provides and offers are not expected to conflict or overlap materially with SAM's services and mandates. Nevertheless, certain

inherent conflicts of interest exist due to SVBW's affiliation with SAM, including conflicting investment strategies.

SVBW is also affiliated with the following entities; First Citizens Asset Management, Inc., First Citizens Investor Services, Inc., CIT Asset Management, and CIT Capital Securities LLC.

Upon specific client request, and as suitable and appropriate, Private Wealth Advisors can introduce clients to personnel of Silicon Valley Bridge Bank, N.A. to discuss bank products and services. Such introductions are not part of the investment advisory services SVBW provides to its clients. SVBW Private Wealth Advisors and their management personnel receive a subjective annual bonus at the discretion of their supervisors but not directly related to the sales of specific products/services. Due to SVBW's relationship with Silicon Valley Bridge Bank, N.A., SVBW has an indirect financial interest in making such introductions.

FCB provides a variety of support services to SVBW, including human resources, information technology, facilities, finance, and administrative support. SVBW does not believe such support services create a material conflict of interest with clients. From time to time, Private Wealth Advisors introduce clients to Silicon Valley Bridge Bank, N.A. for banking products such as personal or business loans, and other products, and Silicon Valley Bridge Bank, N.A. may also invest in or otherwise have an ownership interest in certain SVBW clients who are also banking clients. Clients who use Silicon Valley Bridge Bank, N.A. or other affiliated products or services will be subject to any costs associated with such service charged by Silicon Valley Bridge Bank, N.A. or its affiliates. SVBW, as a wholly owned subsidiary of Silicon Valley Bridge Bank, N.A., has an indirect interest in the introduction of clients to Silicon Valley Bridge Bank, N.A. banking products and other affiliated business groups.

### MATERIAL NONPUBLIC INFORMATION

SVBW is restricted in its investment decisions and activities on behalf of clients in various circumstances, including because of applicable regulatory requirements and/or information held by SVBW and its affiliates. In addition, SVBW is not permitted to obtain or use material nonpublic information in effecting purchases and sales in public securities transactions for client accounts. SVBW can also limit an activity or transaction on behalf of a client account, and can limit its exercise of rights on behalf of the client account, for reputational or other reasons, including where SVBW or an affiliate is providing, or can provide, advice or services to an entity involved in such activity or transaction, where SVBW (or an affiliate) or another client account is or can be engaged in the same or a related transaction to that being considered on behalf of the client account, where SVBW (or an affiliate) or another client account has an interest in an entity involved in such activity or transaction, or where such activity or transaction or the exercise of rights on behalf of or in respect of the client account could affect SVBW or its affiliates or their respective activities. SVBW can restrict its activities on behalf of particular client accounts and not others.

### SUB-ADVISORY SERVICES AFFILIATED TRUSTEE

SVBW provides certain investment advisory services to FCB, as sub-adviser, providing discretionary investment management services over the assets for which FCB serves as a trustee, executor, or agent. These services are

substantially similar to the services provided to other SVBW clients.

## **INSURANCE**

SVBW routinely provides insurance planning as part of a client's financial plan. Some of SVBW's associated persons are licensed insurance agents in New York and other states. In providing advisory services, these associated persons can recommend the purchase of insurance products. Neither SVBW nor its associated persons will receive any commissions or additional income related to the sale of any such products.

## **SALES OF FIDELITY-ISSUED ANNUITY**

SVBW has partnered with Fidelity Investments Life Insurance Company to offer an annuity issued by Fidelity that utilizes our professional investment management of the underlying sub-accounts (our Managed Annuity Strategy). SVBW does not receive any special compensation or financial incentive from Fidelity, any of its affiliates, or any sub-account managers with respect to annuities issued by Fidelity.

As part of its fiduciary duties to clients, SVBW endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by SVBW or its affiliates from Fidelity creates a potential conflict of interest and can indirectly influence SVBW's choice, or recommendation to its clients, of non- transaction fee mutual funds not sponsored by Fidelity for investment in Fidelity Accounts.

Neither SVBW nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or as an associated person of a SVBW entity.

SVBW does not receive any compensation for the recommendation of other investment advisers to its clients.

## **BETTERMENT AND BETTERMENT SECURITIES**

Betterment is a wholly owned subsidiary of Betterment Holdings, Inc., which is also the parent company of Betterment Securities. Neither Betterment nor Betterment Securities are affiliates of SVBW. However, Betterment and/or one or more of its affiliates is currently an FCB client, and from time to time have other financial relationships with FCB or its affiliates. Because of its ownership by FCB, these relationships present a conflict of interest by creating an incentive for SVBW to recommend that clients invest through the Wrap Fee Program, so as to induce Betterment to maintain (or expand) its relationship with FCB or its affiliates. This conflict is mitigated by the fact that SVBW personnel are not compensated based on the amount of banking or related business generated by Betterment and the use of objective eligibility criteria to determine if and when a client can be referred by SVBW to the Wrap Fee Program. Even so, prospective clients should be aware of the relationship between Betterment and FCB and the conflicts this presents and should take this into consideration in making an independent determination of whether the Wrap Fee Program is a suitable and appropriate solution for their investment needs. Betterment Securities, a registered broker-dealer, member of the Securities Investor Protection Corporation and affiliate of Betterment Securities serves as broker-dealer to the Wrap Fee Program, causing the execution of securities transactions upon instruction by

Betterment through Apex Clearing Corporation ("Apex"), which Betterment Securities has entered into clearing and settlement agreements. As a result, the Wrap Fee Program is subject to the trading policies and procedures established by Betterment Securities and Apex. These trading policies are described in detail in the Betterment Wrap Fee Brochure, in particular, you should understand and consider that the appointment of Betterment Securities by Betterment as the sole broker for your account under the Wrap Fee Program can result in disadvantages to you as a possible result of less favorable trade executions than can be available through the use of a different broker-dealer. In addition, you should be aware that the Wrap Fee Program can use margin borrowing on an interim basis, as provided in the Betterment Securities' brokerage and custody agreement.

Betterment makes available to SVBW various support services that may not be available to Betterment's direct-to-client (i.e., retail) customers. Some of those services help us manage or administer our Wrap Fee Program clients' accounts, while others help us manage and grow our business. Betterment's support services are generally available on an unsolicited basis, meaning we do not have to request them, and at no charge to us. The following is a more detailed description of Betterment's support services:

## **SERVICES THAT BENEFIT YOU.**

The Wrap Fee Program includes access to a globally diversified, low-cost portfolio of investment products, execution of securities transactions, online account opening, Betterment Platform access and custody of client assets through Betterment Securities. Betterment Securities' services described in this section generally benefit you and your account.

## **SERVICES THAT DO NOT DIRECTLY BENEFIT YOU.**

Betterment also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in marketing the Wrap Fee Program to potential new clients and in overseeing our active clients' accounts, such as software and technology that can assist with back-office functions, account reviews and recordkeeping; provide access to client account data (such as duplicate trade confirmations and account statements); and provide pricing and other market data.

## **SERVICES THAT GENERALLY BENEFIT ONLY US.**

Betterment offers us other services intended to help us manage and further develop our business enterprise. These services include consulting (including through webinars) on technology and business needs; and access to publications and conferences on technology-enabled investment management and business operations. Betterment also provides us with access to certain research and portfolio modeling tools, which research and tools would not be available if we did not offer the Wrap Fee Program.

The availability of Betterment's support services benefits us because we do not have to produce or purchase them (or purchase them at full price). As a result, we have an incentive to recommend that you open an account with, and invest through, Betterment, based on our interest in receiving these services for the benefit of our business, even though other services or products also be considered suitable and appropriate solutions for your investment needs. Notwithstanding, we have determined that having Betterment

manage your Wrap Fee Program account is consistent with our fiduciary duties to act in clients' best interests, while having Betterment Securities serve as custodian and execute trades for the Wrap Fee Program is consistent with our duty to seek "best execution" of your trades (i.e., the most favorable terms for a transaction based on all relevant factors). This determination is primarily supported by the scope, quality, and pricing of Betterment Securities' services and not Betterment's and Betterment Securities' services that benefit only us or that do not directly benefit you.

## CODE OF ETHICS

SVBW has adopted an Investment Adviser Code of Ethics (the "**Code of Ethics**") in accordance with Rule 204A-1 of the Advisers Act. The Code of Ethics applies to those SVBW personnel engaged in offering and/or providing investment advisory services to clients (also known as *supervised persons*). Among other things, the Code of Ethics requires supervised persons to comply with applicable securities laws, exhibit high ethical standards and place clients' interests first in accordance with SVBW's fiduciary duty to its clients. Supervised persons who fail to observe the Code of Ethics and related policies and procedures risk serious sanctions, including dismissal.

The Code of Ethics also sets forth SVBW's policies and procedures regarding personal securities transactions. These policies and procedures are designed to identify and prevent or mitigate actual conflicts of interest and to address such conflicts appropriately if they do occur. Supervised persons are required to submit periodic reports regarding personal securities transactions, holdings, and accounts. Supervised persons are required to report all securities transactions and holdings except for: U.S. government obligations; money market funds; bankers acceptances; bank CDs; 529 plans, commercial paper; high quality short-term debt instruments; shares issued by money market funds; open end mutual funds registered in the US and shares issued by unit investment trusts that are exclusively invested in open-end mutual funds registered in the United States. SVBW compliance is responsible for reviewing such employee reports.

In certain instances, SVBW employees may invest in the same securities that SVBW recommends to its clients. Such transactions are reviewed on a post-trade basis and if such transactions are permitted, it is because SVBW believes that such transactions do not present a conflict of interest considering the markets and liquidity for the securities traded.

The Code of Ethics also provides that supervised persons cannot serve on the board of directors of any public company, including mutual fund boards of trustees, without prior approval. Employees must obtain prior written permission to serve as a trustee on a client account other than the account of a family member or to serve as a trustee or a board member for any charity or not-for-profit entity. Our employees do, in fact, serve in these capacities on various charitable, civic and community boards. If such service is approved, it is because we have determined it does not create any conflict of interest.

SVBW does not buy securities from, or sell securities to, its clients (i.e., SVBW does not engage in "principal transactions" with its clients). SVBW is not a registered broker-dealer and does not engage in "agency cross" trades between clients.

SVBW will provide a copy of the Code of Ethics free of charge

to any client or prospective client upon request.

## REVIEW OF ACCOUNTS

As noted above, Betterment requests that clients review their accounts at least quarterly, while on a periodic basis, clients are invited to have their account and the associated performance reports reviewed by a SVBW Private Wealth Advisor. Those reviews will evaluate the portfolio for consistency with the prevailing investment objectives and restrictions, and with the account's IPS. Outside of these reviews, clients can review and update Client Information through the Betterment Platform, including any reasonable and permitted restrictions placed on client accounts, at any time clients consider appropriate, and can contact a SVBW Private Wealth Advisor with any such review or update. Clients are encouraged to review their accounts if there are changes in their financial situation, large withdrawals or significant deposits or changes in the IPS.

The Betterment Platform includes investment tools that are designed to help clients to better understand their holdings and performance information. Pursuant to the terms of clients' sub-advisory agreement with Betterment, the Wrap Fee Program will also make available to clients periodic reports that detail account holdings, transactions and performance, market commentary and tax reporting information. As a condition of participating in the Wrap Fee Program, clients must consent to receive all such reports, account statements and other communications electronically, either through the Betterment website or by e-mail. SVBW will generally not provide reports to clients in connection with the Wrap Fee Program.

Betterment continuously reviews clients' accounts to ensure they conform to clients' IPS; however, individual accounts are generally not actively monitored directly by investment advisory personnel. For more information about Betterment's review process and the impact on account adjustment and rebalancing, please refer to the Betterment Wrap Fee Brochure.

## CLIENT REFERRALS AND OTHER COMPENSATION

SVBW does not pay referral or solicitation fees to independent persons or firms for introducing clients to us, including with respect to the Wrap Fee Program. However, certain personnel of FCB, refer clients to SVBW. While FCB personnel do not receive any direct incentive compensation for referrals made to SVBW, these referrals are among a variety of factors taken into consideration by FCB in awarding incentive compensation. In addition, in determining the amount, if any, of incentive compensation for advisory personnel, including our Private Wealth Advisors, SVBW will consider the amount of assets under management attributed to each individual employee. Although such incentive compensation payable to FCB and SVBW personnel is not guaranteed and is generally paid on a discretionary basis after considering overall employee performance, FCB personnel have a financial incentive to refer clients to SVBW, and SVBW Private Wealth Advisors have a financial incentive to refer clients to the Wrap Fee Program.

Separately, as noted in the section entitled "Fees and Compensation" within Item 4 (Services, Fees and Compensation) above, we offer more favorable Wrap Fee arrangements, including reduced or waived fees for certain clients. These arrangements create a conflict of interest for a client to maintain a certain advisory account balance or



continue to invest through the Wrap Fee Program altogether, if doing so would maintain eligibility to qualify for a preferential fee arrangement.

Please refer to the section entitled “Betterment and Betterment Securities” above for disclosures on research and other benefits we can receive as a result of our relationship with Betterment in connection with the Wrap Fee Program.

#### **WRAP FEE PROGRAM RISK FACTORS AND RELATED CONSIDERATIONS**

While the Wrap Fee Program attempts to optimize investment returns for clients’ risk tolerance, SVBW makes no representation or warranty that the Wrap Fee Program’s investment decisions will be successful and result in profitable investing. Investing in securities involves risk of loss that you should understand and be prepared to bear, while the automated and algorithmic nature of the Wrap Fee Program and reliance on the Betterment Platform present certain additional risks.

Investment performance can never be predicted or guaranteed, and the value of client accounts can fluctuate, potentially significantly, due to market conditions and other factors. Past performance is no guarantee of future results, and any historical returns, expected returns or probability projections provided by the Wrap Fee Program do not reflect the actual future performance of client accounts. When evaluating investment risk, financial loss can be viewed differently by each client and can depend on many different risk items, each of which can affect the probability of adverse consequences and the magnitude of any potential losses. The following risks are not all-inclusive, but you should carefully consider them before opening a Wrap Fee Program account and beginning to invest. They should be considered as possibilities, with additional regard to their actual probability of occurring and the effect on you if there is in fact an occurrence. Moreover, to the extent the Wrap Fee Program changes over time, you can be subject to additional and different risk factors than those specified here.

**Inherent Limitations of Wrap Fee Program** While the Wrap Fee Program has been designed to be broadly applicable to many clients, it cannot be appropriate for clients already in retirement and drawing down savings; clients with specific investment restrictions; clients with a very short or a very long investment horizon; or clients with especially complex investment objectives and needs, potentially because clients’ investment portfolio includes illiquid securities, annuities and/or extremely low basis securities. The Wrap Fee Program does not provide exposure to alternative asset classes, nor does it pursue esoteric investment strategies using derivatives and other financial instruments. Also, because the Wrap Fee Program is an online advisory service, it is not appropriate if clients have limited or no access to technology. If the Wrap Fee Program is inappropriate for a client or if it does not meet a client’s communication preferences and client would instead prefer a non-automated, non-algorithmic advisory service featuring a greater ability to control and direct the investment of a client’s assets, clients should consider one of the other advisory services provided in the SVBW Form ADV Part 2A disclosure brochure.

Alternatively, if a client does not seek a “wrap” fee-based discretionary advisory service, a client should instead consider

a standard brokerage account that is outside of this offering, in which a client pays commissions per trade.

#### **No Assurance of Investment Returns or Principal Preservation**

There can be no assurance that investments will generate any returns or that principal balances will be preserved. Investing in securities of any kind involves a risk of loss, including the risk of a total loss of principal. Investments in securities (including money market funds) are generally subject to a variety of risks, including interest rate risks, credit risks and general market risks; therefore, any actual returns that are generated are inherently unpredictable. There can be no assurance or guarantee that principal balances will be preserved or that your investments will generate returns that will be commensurate with your expectations, investment objectives or investment strategies.

**Not Necessarily a Complete Investment Program** Should a client determine that the Wrap Fee Program is appropriate notwithstanding the above considerations, the client must keep in mind that unless a client invests all of his or her liquid assets through the Wrap Fee Program, the Wrap Fee Program is meant to be a component of a client’s overall investment strategy and not client’s sole investment strategy. Moreover, the Wrap Fee Program’s investment decisions are limited in scope to clients’ responses to the onboarding questions asked through the Betterment Platform when a client opens an account and additional information a client supplies to the Wrap Fee Program. As the Wrap Fee Program does not provide comprehensive financial planning or tax advice, there can be additional relevant information or other financial circumstances that the Wrap Fee Program does not consider (e.g., a client’s debt load or other financial obligations) that could inform its advice if it were provided, even if that information is otherwise available to SVBW. In particular, the Wrap Fee Program’s investment decisions typically will not be based on specific assets or liabilities that clients hold outside of the Wrap Fee Program. Clients must carefully consider the fact that the investment advice provided through the Wrap Fee Program can not reflect all relevant circumstances before opening an advisory account and beginning to invest.

Clients are free to accept a Betterment-recommended asset allocation or choose their own asset allocation based on their own preferences or risk tolerance. Regardless, the Wrap Fee Program will manage the client’s account according to the established asset allocation and financial and/or retirement goal(s).

**Reliance on Client Information** Clients are responsible for providing true, accurate, complete and current information to the Wrap Fee Program and to promptly notify the Wrap Fee Program through the Betterment Platform whenever there are changes to this information that can affect the Wrap Fee Program’s projections or decisions, the ability to communicate with clients or other personalized aspects of the Wrap Fee Program. Such changes can include the addition of a new investment account, a life-change event, or a change of contact information. The Wrap Fee Program will not independently test or verify the accuracy of any information provided by clients. Accordingly, if the information clients supply is not truthful, or if clients fail to promptly update that information should it change, the quality and applicability of the Wrap Fee Program’s investment decisions can be compromised, which prevents the Wrap Fee Program from

helping clients achieve their financial and/or retirement goals. In addition, the Wrap Fee Program does not consider in its analysis information that clients do not provide to it through the Betterment Platform.

**Use of Algorithms** The Wrap Fee Program's IPS and ongoing investment decisions are generated entirely by proprietary algorithms developed, overseen, and monitored by Betterment's investment advisory personnel. Algorithms are automated systems and will only be customized by Betterment within their limitations. In particular, algorithms rely on assumptions, including economic and transaction cost assumptions, that are incorrect, that do not apply to clients' specific financial situation or that do not change even as market expectations shift, causing the resulting investment decisions to be flawed.

Algorithms consider limited investment options, to the exclusion of other investment types, including entire asset classes, and generally pursue investment strategies that significantly emphasize passive investment products that are intended to mirror the performance of the broader markets.

**Accurate Performance of Algorithms** The Wrap Fee Program is highly reliant on the accurate operation of Betterment's algorithms and their underlying technology. A malfunction or failure in either can cause clients to experience investment losses, some or all of which can be significant. Additionally, the algorithms employ a number of quantitative models that involve assumptions based upon a limited number of variables that are extracted from complex financial markets or instruments that they are intended to replicate. Any one or all of these assumptions, whether supported by past experience, can prove over time to be incorrect, which can result in significant losses to clients.

**Modification of Wrap Fee Program and/or Betterment Platform** Betterment enhances or otherwise modifies the algorithms or other elements of the Wrap Fee Program and/or the Betterment Platform at any time. These changes, at times, have a material impact on the algorithms and/or the analysis and advice provided through the Wrap Fee Program. While these changes are intended to improve or enhance the performance, reliability or usefulness of one or more of the Wrap Fee Program or the Betterment Platform, there can be no guarantee that such changes will result in the desired improvement or enhancement. In some cases, these enhancements or modifications cause unforeseen consequences with the provision of the Wrap Fee Program that can be detrimental to clients. Use of the Wrap Fee Program and the Betterment Platform is subject to such risks.

**Model Risk** The models and investment techniques utilized by the Wrap Fee Program are based on the information and data available to the Wrap Fee Program as well as on assumptions, assessments and estimates, all of which are subject to error. As a result, such models and techniques do not account for all relevant factors or do not account for any such factors correctly. More generally, there can be no assurance that such models and techniques will be effective.

**Accuracy of Client Information; Incomplete Information** The Wrap Fee Program is highly reliant on the accuracy of Client Information requested from clients. Provision of false, inaccurate or incomplete information, or failing to promptly update such information, can materially impact the quality and

applicability of the Betterment Platform's discretionary management of clients' accounts. Moreover, such projections and decisions are limited in scope to clients' responses to certain screening questions asked in connection with opening accounts and additional information clients supply through the Betterment Platform. There are additional information or financial circumstances not considered by the Wrap Fee Program based on the questions asked and information requested at the time clients establish their goals that can otherwise inform the Wrap Fee Program's discretionary investment management of clients' accounts.

**Declared Risk Tolerance; Capital Markets Assumptions** The Wrap Fee Program's investment decisions are based, in part, on clients' declared risk tolerance, which clients can adjust with respect to their specific financial and/or retirement goals. Clients must carefully consider the tradeoff between risk and return in deciding upon their desired risk tolerance. A lower risk tolerance can, as a result of an account containing larger weights in lower-risk asset classes, such as fixed income, reduce the possibility that clients will reach their financial and/or retirement goals. A higher risk tolerance can, as a result of an account containing larger weights in riskier asset classes, such as equities, expose clients to higher volatility than they are comfortable accepting, which can also, depending on clients' investment horizon, reduce the possibility that clients will reach their financial and/or retirement goals. In addition, the assumed risk, return, volatility, and correlation of the investment decisions corresponding to clients' declared risk tolerance are based, in part, on certain capital markets assumptions embedded in the Wrap Fee Program. Those assumptions can turn out to be incorrect, which can cause clients to accept more or less risk than they desired and undermine the Wrap Fee Program's ability to help clients reach their financial and/or retirement goals.

**Reliance on Data** The Wrap Fee Program is highly reliant on data from third-party and other external sources. Betterment exercises discretion in determining what data to gather to implement the Wrap Fee Program's investment strategies. Due to the automated nature of such data gathering and the fact that much of this data comes from third-party sources, not all desired and/or relevant data will be available to, or processed by, the Wrap Fee Program at all times. There is no guarantee that any specific data or type of data will be utilized by the Wrap Fee Program, nor is there any guarantee that the data actually utilized by the Wrap Fee Program will be the most accurate data available or free of errors or contamination.

**Risk of Not Meeting Goals** The Wrap Fee Program is intended to help clients meet their financial and/or retirement goals based on the information clients supply to it. However, neither SVBW nor Betterment can provide clients with assurance that clients' use of the Wrap Fee Program will help clients reach these goals, or even improve the risk/return profile of their overall investment portfolio, and clients' use of the Wrap Fee Program can in fact result in significant losses.

**Medium- to Long-term Investment Horizon; Liquidation-Driven Losses** The Wrap Fee Program is appropriate only for clients who are pre-retirement, with a medium- to long- term investment horizon, before clients plan to access any of the assets in their accounts. The Wrap Fee Program will generally fully invest clients' assets in securities suitable for the length



of clients' investment horizon unless clients impose permitted restrictions on the account or indicate that they need cash sooner. If clients' assets are fully invested and they need access to those assets at any point prior to the end of clients' investment horizon, the prices at which these assets are liquidated can cause clients to experience a material loss and/or to incur taxes and penalties, which undermines the Wrap Fee Program's ability to help clients achieve their financial and/or retirement goals.

**Tax Risks** Certain investments or investment strategies that the Wrap Fee Program deploys can result in negative tax consequences, can involve tax treatment that is not clear or be subject to recharacterization by the Internal Revenue Service (the "IRS"). The Wrap Fee Program does not provide tax advice and all clients are advised to consult with their tax, accounting and legal advisors in this regard. In particular, tax loss harvesting and automated asset allocation services implemented by the Wrap Fee Program should not be interpreted as tax advice, and no representation is made that the related discretionary investment decisions of the Wrap Fee Program will result in any particular tax consequences for clients. The tax consequences of tax loss harvesting and related strategies are complex and can be challenged by the IRS, and investment decisions associated with those strategies do not perform as expected. The Wrap Fee Program was not developed to be used by, and it cannot be used by, clients to avoid tax penalties or interest.

**Periodic Review: Negative Consent** The Wrap Fee Program relies on a periodic review conducted by SVBW Private Wealth Advisors to confirm that a client's IPS or other information has not materially changed and that clients do not wish to add or alter permitted restrictions on their accounts. If clients do not respond to Private Wealth Advisors within the specified period and/or supply updated information, the Private Wealth Advisors will assume, under the principle of negative consent, that there are no changes to the IPS and/or other Client Information and that, as a result, no changes to the management of clients' accounts should be made by the Wrap Fee Program. However, if SVBW considers such review to be inadequate based on clients' failure to participate in annual reviews, concludes that the Wrap Fee Program is no longer appropriate for clients or otherwise determines that it cannot, for business, regulatory or other reasons continue offering the Wrap Fee Program to clients, SVBW can elect to terminate clients' investment advisory agreements and initiate the closure of clients' accounts.

**Account Funding** Clients can fund an account with cash or securities that are included in the Betterment universe of investment products and cash equivalents. The closure of third-party brokerage accounts held by clients or the sale or liquidation of investments or other assets in connection with the funding of client accounts can have adverse tax consequences, early redemption penalties or other costs or penalties as a result of that closure or those sales or liquidations. If applicable, any living benefit, death benefit or any other benefit of the existing investment can end upon account closure or liquidation. In addition, if client accounts are funded with permitted securities, the liquidation of those securities by the Wrap Fee Program in connection with the initial account rebalancing can have similar effects. Accordingly, clients should not transfer securities to their accounts that they are not willing to have liquidated by the

Wrap Fee Program. Separately, if clients transfer an entire account to the Wrap fee Program, clients will incur "transfer out" fees charged by third-party brokers.

**Account Withdrawals** Client withdrawals from accounts can cause the Wrap Fee Program to execute trades at then-prevailing market prices or prevent the Wrap Fee Program from executing other trades intended to rebalance clients' investment portfolios. This can cause clients' current asset allocation to deviate from the Wrap Fee Program's target asset allocation, result in taxable gains or losses and undermine clients' progress towards their goals.

**Account Rebalancing** When clients deposit to or withdraw money from their accounts, they are requesting that the Wrap Fee Program execute securities transactions within their account, in an amount that corresponds to the target asset allocation prescribed by their IPS. Similarly, when clients make changes to their IPS, the Wrap Fee Program will buy and sell securities to reach the desired target asset allocation. These transactions result in tax consequences for clients. In addition, dividend and other income generated by securities held in clients' accounts will automatically be used by the Wrap Fee Program to rebalance the account and will not necessarily be reinvested in those same securities.

**Account Restrictions** Through the Betterment Platform, clients can impose certain reasonable and permitted restrictions on the ongoing management of their accounts. Accounts with these restrictions perform differently than accounts with restrictions and that performance vary. For example, these reasonable restrictions adversely impact accounts' performance by preventing the Wrap Fee Program from implementing an optimal asset allocation in light of clients' investment objectives, goals and risk tolerance.

**Cost Basis** The Wrap Fee Program, in the discretion of Betterment Securities, use a "First-In-First-Out" method to calculate clients' cost basis for individual securities transactions. That method results in certain tax consequences and other tax issues for clients as compared to other cost basis methods.

Clients are solely responsible for payment of any and all taxes that can be due as a result of transactions related to clients' accounts and must verify the cost basis information for assets transferred into the account.

**Betterment Performance Reporting** SVBW does not independently verify the information that Betterment makes available through the Betterment Platform, nor is that information audited, verified or otherwise validated by third parties. As a result, there can be no assurance that the performance information provided by the Betterment Platform or any other related source to clients is or will be calculated on any uniform or consistent basis or has been or will be calculated according to or based on any industry or other standards.

**Diversification and Asset Allocation Strategies** The Wrap Fee Program's asset allocations are grounded in modern portfolio theory, which seeks to construct investment portfolios to optimize expected return based on a given level of market risk, based on the risk and return characteristics and relationships of the asset class exposures dictated by certain capital market assumptions embedded in the Wrap Fee Program's strategic asset allocation principals. The asset classes selected are

intended to reflect the types of fundamental equity, fixed income and other asset class exposures that are commonly included within diversified investment portfolios. Other asset classes not considered in the portfolios have characteristics similar or superior to those that are included.

In addition, the asset classes selected by the Wrap Fee Program perform differently from each other at any given time (as well as over the long term), so accounts' performance will be affected by the allocation among the various asset classes. The Wrap Fee Program's asset allocation decisions result in higher portfolio concentration in a certain asset class or classes, which can reduce overall returns if the concentrated assets underperform the Wrap Fee Program's expectations. Depending on market conditions, there are times where diversified portfolios underperform less diversified portfolios, as diversification and asset allocation strategies are no guarantee of low volatility, profit or protection against investment loss.

Furthermore, the value of an entire asset class can decline for a variety of reasons outside of the control of the Wrap Fee Program, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes and domestic or foreign political, demographic or social events. A high allocation to a particular asset class negatively affect the overall performance of clients' accounts to the extent that asset class underperforms relative to other market assets or asset classes. Conversely, a low allocation to a particular asset class that outperforms other asset classes in a particular period will cause clients' accounts to underperform relative to the overall market.

**Economic Risk** Wrap Fee Program investments are likely to be exposed to risks relating to weakness in various global economies and the economic cycle. Numerous factors, such as market volatility, interest rates, commodity prices, equity prices, currency prices, credit spreads and deflationary and inflationary pressures, are affected by the economic cycle and long-term economic trends. Predictions about financial market conditions and economic factors are highly uncertain, and the presence, duration and impact of any market or economic conditions can have a materially adverse effect on Wrap Fee Program investments.

**Financial Market Disruptions** In recent years, disruptions in the global financial markets, the scope and severity of which are without precedent in recent financial history, have had materially adverse, and in certain cases catastrophic, consequences for the values, liquidity and stability of certain types of investments, including the types of investments that the Wrap Fee Program makes on clients' behalf. Similar or dissimilar disruptions can occur in the future, and their duration, severity and ultimate effect are difficult to forecast. These disruptions can lead to additional regulations or laws, which can have a material adverse effect on client accounts and the Wrap Fee Program.

**Correlation Risk** Many of the investments made by the Wrap Fee Program will experience returns that individually or in the aggregate are correlated (possibly highly) with various market indices, including various equity, debt or other markets around the world. On the other hand, there are periods of time when

account returns are not correlated with various market indices or the returns of other investment strategies.

**Interest Rate Risk** The value of clients' investment portfolios decreases as interest rates fluctuate.

**Volatility Risk** The performance of investment strategies the Wrap Fee Program deploys can be volatile (both in absolute terms and relative to realized returns), potentially resulting in increased risks, including the risk of substantial losses. Such strategies can have volatility, a greater chance of extreme losses or negative returns, lower average returns, correlation with certain macroeconomic risk factors, asset class concentrations and/or other significant risks, whether in absolute terms, relative to expected returns or relative to certain other strategies that are deployed by the Wrap Fee Program on behalf of other Wrap Fee Program clients.

**Liquidity and Valuation Risk** High volatility and/or the lack of deep and active liquid markets for a security can prevent the Wrap Fee Program from placing trades for clients at all, or at advantageous times or prices. Some securities (including ETFs, as described below) that hold or trade derivatives and other financial instruments can be adversely affected by liquidity issues as they manage their portfolios. While the Wrap Fee Program values the securities held in clients' accounts based on reasonably available exchange-traded data, it can from time to time receive or rely on inaccurate or erroneous data, which can adversely affect security valuations, transaction sizes for purchases or sales and/or the resulting Wrap Fees paid by Client. Clients may not be able to sell securities in a timely manner or at a desired price, or because of a lack of demand or a lack of market.

**Credit Risk** The Wrap Fee Program can be exposed to credit risk. Exchange trading venues or trade settlement and clearing intermediaries can experience adverse events that can temporarily or permanently limit trading or adversely affect the value of account securities. The underlying value of securities can decline as a result of certain events, such as if the issuer defaults on its obligations in any material manner, or if the issuer's credit rating is materially downgraded.

**ETF and Mutual Fund Risk** The Wrap Fee Program's investments will predominantly include ETFs but can also include mutual fund shares or other index- and non-index-related securities. These investment products are subject to the risk that they cannot effectively achieve the performance of the index, industry or other market they are intended to track, if they do intend to achieve such tracking.

**Money-Market Fund Risk** Although money-market funds seek to preserve the value of clients' investment at \$1.00 per share, the share price can fall below \$1.00 as a result of changes in credit quality, issuer default, redemption restrictions or pressures, and other similar events. The SEC and other regulatory agencies continue to review the regulation of money market funds, and can take additional regulatory action in the future. These changes can affect the securities and markets in which money market funds invest. These changes can also impact a money market fund's ability to implement its investment strategies as well as its future operations, expenses and/or yields.

**Securities Investment Risks** All securities and other account investments carry some level of risk, including the risk that clients can lose their entire investment. Prices of securities can

be volatile and a variety of risks, including market, currency, economic, political, technological, regulatory, social and business risks, can adversely affect the value of and return on any account investments.

**Market Risk** Market events or other external factors, including political, economic and social conditions, can impact the value of securities or other investments.

**Sector Risk** To the extent the Wrap Fee Program clients' accounts invest more heavily in particular sectors, industries or sub-sectors of the market, the performance of clients' accounts will be especially sensitive to developments that significantly affect those sectors, industries or sub-sectors. An individual sector, industry or sub-sector of the market can be more volatile, and can perform differently, than the broader market. The several industries that constitute a sector can all react in the same way to economic, political or regulatory events and can otherwise not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries can adversely affect performance.

**Equities** Common and preferred stocks represent equity ownership in a company. Stock markets are volatile. The price of equity securities will fluctuate and can decline and reduce the value of an equity's investment portfolio. The value of equity securities purchased through ETFs can decline if the financial condition of the companies in which the Wrap Fee Program clients' accounts invest declines or if overall market and economic conditions deteriorate. They can decline due to factors that affect a particular industry or industries, such as labor shortages or an increase in production costs and competitive conditions within an industry, or due to general market conditions that are not specifically related to a company or industry, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or generally adverse investor sentiment.

**Fixed Income** Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of such securities tends to decrease. Conversely, as interest rates fall, the market value of such securities tends to increase. This risk will typically be greater for securities based on longer-term interest rates than for securities based on shorter-term interest rates. Fixed income securities can experience a decline in income when interest rates decrease. During periods of falling interest rates, an issuer can repay principal prior to the security's maturity (i.e., prepayment), causing the vehicle to have to reinvest in securities with a lower yield, resulting in a decline in the vehicle's income. Additionally, fixed income securities are subject to liquidity risk, whereby a security is difficult to purchase or sell or becomes difficult to sell after being purchased. This risk has been especially pronounced in recent times due to disruptions in the global debt markets and is elevated for high-yield fixed income securities (sometimes called "junk" bonds).

**Developed Country Securities** Investment in developed countries are subject a portfolio to regulatory, political, currency, security, demographic and economic risk specific to those countries. Developed countries are impacted by changes to the economic health of certain key trading partners, regulatory burdens, debt burdens and the price or availability of certain commodities. Developed countries tend

to represent a significant portion of the global economy and have generally experienced slower economic growth than some other countries or regions.

**Non-U.S. Securities** International investments involve special risks not typically associated with trading in investments relating to markets and/or issuers solely in the U.S. Depending on the particular countries and investments involved and on the nature of the particular transactions executed outside of the U.S., these special risks include: changes in exchange rates and exchange control regulations; downgrades in sovereign credit ratings; devaluations or non-convertibility of non-U.S. currencies; failures or disruptions in central banks, banking systems, markets or financial exchanges; changes in monetary policies, interest rates or interest rate policies; political, social and economic instability; adverse diplomatic developments; investment and repatriation restrictions; the nationalization and/or expropriation of assets; government intervention in the private sector; default by public and private issuers on their financial obligations (and limited recourse in connection with such defaults); the imposition of non-U.S. taxes; discrimination against foreign investors; less liquid markets; less information; higher transaction costs; less information regarding legal and regulatory risks; less uniform accounting and auditing standards; greater price volatility; less reliable clearance and settlement procedures; and/or less government supervision of exchanges, brokers, market intermediaries, issuers and other markets and market participants, than is generally the case in the U.S.

**Foreign Currency Transaction Risk** As foreign securities are usually denominated in foreign currencies, the Wrap Fee Program employs strategies intended to protect clients' portfolios from adverse currency fluctuations. The Wrap Fee Program also employs strategies intended to increase exposure to certain currencies. Such currency transactions involve additional risks, and if unsuccessful, decreases the value of client assets.

**Commodities** Commodity-linked securities (i.e., commodity-based ETFs) are adversely affected by changes in the underlying commodity value, supply and demand and governmental regulatory policies, in addition to overall market movements, taxation, terrorism, nationalization or expropriation, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity.

**Other Risks** Certain securities have exposure, whether intentional or unintentional, to various market movements, and other sources of risk, whether known or unknown. Such sources of risk include changes in current or future levels and/or volatility of interest rates, inflation rates, currency prices, commodity prices, sovereign credit spreads, corporate credit spreads and equity, fixed income and other markets, as well as correlations between any of these risks.

**Trade Timing** The Wrap Fee Program will determine the timing of purchases and sales of securities for clients' accounts in accordance with its internal trading policies and procedures, which include procedures for mitigating potential market risk. For various reasons, including market volatility, peak demand or systems upgrades or maintenance, there can be delays in the amount of time it takes trades to be processed and executed. Changes in trade timing can reduce, perhaps materially, the profit clients gain from the transaction or can cause a material loss.

**Trading Suspension** The Wrap Fee Program can suspend trading with respect to clients' accounts during periods of extraordinary market volatility or illiquidity. Such a suspension can result in material losses to clients, cause clients' current asset allocation to materially deviate from the Wrap Fee Program's target asset allocation and/or prevent clients from generating account liquidity and/or implementing changes to their IPS. Trading suspensions also have other adverse consequences to clients that the Wrap Fee Program is unable to anticipate.

**Trade Execution** Transactions can be subject to internal processing delays in certain circumstances. There is no guarantee that trades executed on the same day or on different days receive the same execution price. However, clients' access to funds is generally not affected by the order execution processes and procedures, including decisions made to delay or manage intra-day trading.

**Market Orders** Equity trades for clients' accounts use "market orders," which are orders to buy or sell an investment immediately at the best available current price. Because market orders are executed immediately, as opposed to orders that specify a target price at which the security should be bought or sold and remain open for a longer period of time, during which the price of the security hit or does not hit the target price and the order does not execute, as is the case with respect to "limit orders," market orders bear inherent risks, particularly in times of high volatility and for securities that are thinly traded. As a result, the use of "market orders" can cause clients to pay a higher purchase price for these securities or receive a lower sale price.

**Reinvestment Risk** Future proceeds from investments can be reinvested at a potentially lower rate of return.

**Counterparty Risk** The counterparties with whom Betterment or its affiliates do business with, or to which securities have been entrusted for custodial purposes, can encounter financial and/or operational difficulties that can impact their ability to trade, maintain or otherwise service our clients' security positions.

**Management Risk** Each client portfolio is subject to management risk. This includes the risk that the Wrap Fee Program can make investment decisions that result in losses to client portfolios. For example, in some cases, certain investments are unavailable, or certain investments are not selected or sold prematurely because of market conditions or other reason, when, in retrospect, those investments could have been beneficial to the portfolio.

**Investment Company Act** The Wrap Fee Program has been designed to comply with the requirements of Rule 3a-4 under the Investment Company Act ("Rule 3a-4"). Rule 3a-4 provides similarly managed investment advisory programs, such as the Wrap Fee Program, with a non-exclusive safe harbor from the definition of an "investment company" under the Investment Company Act so long as those programs satisfy certain conditions designed to ensure that clients receive individualized treatment and there is no asset pooling. Among other things, Rule 3a-4 requires that investment advisers obtain information about each client's financial situation and investment objectives and manage each client's account in accordance with any reasonable restrictions imposed by clients on the management of their accounts. The collection of

certain Client Information and ability to allow clients to impose certain permitted and reasonable restrictions on the management of their accounts are intended to satisfy the requirements of Rule 3a-4. While as a result of this safe harbor clients will not have the benefit of the protections afforded to investment companies under the Investment Company Act, SVBW will retain the flexibility needed to offer the Wrap Fee Program in the form and fee structure described in this brochure. If Rule 3a-4 were to cease to be available, or if the SEC were to modify the rule or its interpretation of how the rule is applied, SVBW's ability to continue offering the Wrap Fee Program can be compromised.

**Investment Adviser Regulation** As SEC-registered investment advisers, SVBW and Betterment are subject to a variety of regulatory filing and recordkeeping requirements under the Advisers Act, as well as certain requirements and prohibitions as to their substantive activities. If, in the course of their activities (whether relating to the Wrap Fee Program or otherwise), SVBW or Betterment were found to have violated any laws or regulations applicable to investment advisers, they can be subject to significant penalties and sanctions and their ability to continue offering the Wrap Fee Program can be compromised.

**Regulatory Change Risk** It is possible that changes in applicable laws and regulations will affect the Wrap Fee Program. These changes include; changes in investment adviser, broker-dealer or securities trading regulation; a 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 can affect interest income, income characterization and/or tax reporting obligations. The consequences of such changes on the liquidity and the efficient and orderly functioning of the markets in which client accounts invest cannot be predicted and can materially diminish the profitability of account investments.

**Litigation Risk** From time to time, in the ordinary course of business, SVBW, Betterment and their respective affiliates can be subject to litigation and/or arbitration, which can be costly and consume resources of SVBW, Betterment and/or their respective affiliates. Any litigation or arbitration can have a materially adverse effect on SVBW's Private Wealth Advisors and/or Betterment's ability to continue offering the Wrap Fee Program.

**Reliance on Betterment and Betterment Securities** SVBW relies on Betterment and Betterment Securities for provision of the Wrap Fee Program and the Betterment Platform, ongoing account management and brokerage, custodial and technology services in connection with the Wrap Fee Program. Although SVBW generally believes that Betterment and Betterment Securities are reliable, there can be errors that are beyond SVBW's control in the services they provide, and these errors can compromise the quality and integrity of the Wrap Fee Program and the Betterment Platform.

Moreover, the sub-advisory agreement between SVBW and Betterment and Betterment Securities can be terminated for any reason or no reason at all with limited advance notice. Additionally, Betterment and Betterment Securities can experience operational disruptions due to unforeseen circumstances such as political events, natural disasters, or technological developments. In all of these instances, SVBW's



offering of the Wrap Fee Program can be materially compromised.

**Operational Risk** Wrap Fee Program clients can experience losses as a result of shortcomings or failures in Betterment's or Betterment Securities' internal processes, people, or systems, or from external events. Such operational risk can arise from many factors ranging from routine data processing errors to potentially costly incidents related to, for example, major information technology systems failures. Any operational shortcomings or failures or other unforeseen events, if outside the scope of Betterment's and/or Betterment Securities' respective disaster recovery and business continuity plan, can result in disruptions to the Betterment Platform.

**Reliance on Technology** The Wrap Fee Program is dependent upon various computer and Internet-based technologies, many of which are provided by or are dependent on third parties such as data feed, data center, telecommunications, or utility providers. The successful operation of the Wrap Fee Program, and the Betterment Platform in particular, can be severely compromised by system or component failure, telecommunication failure, power loss, a software-related system crash, unauthorized system access or use (such as "hacking"), computer viruses, malware, worms and similar programs, fire or water damage, human errors in using or accessing relevant systems or various other events or circumstances. It is not possible to provide comprehensive protection against all such events, and no assurance can be given about the ability of applicable third parties to continue providing their services. Any event that interrupts such computer and/or telecommunication systems or operations can have a material adverse effect on the Wrap Fee Program for an indefinite time period, including by preventing the Wrap Fee Program from trading, modifying, liquidating and/or monitoring clients' investments. Such a material adverse effect can have a heightened impact on clients' accounts given the automated and algorithmic nature of the Wrap Fee Program.

**Cybersecurity Risk** There are operational, information security and related risks associated with the use of electronic, Internet-based technologies. In general, cyber incidents can result from deliberate attacks or unintentional events and are not limited to, gaining unauthorized access to digital systems, and misappropriating assets or sensitive information, corrupting data or causing operational disruption, including denial-of-service attacks on websites. Cybersecurity failures or breaches with respect to the Wrap Fee Program or of its third-party vendors have the ability to cause disruptions to the Wrap Fee Program, potentially resulting in financial losses to clients, the inability to access the Betterment Platform and/or violations of applicable privacy and other laws that adversely affect clients.

Client investments through the Wrap Fee Program may also be subject to other risks specific to certain securities, which are further described in the underlying prospectus or other disclosure document from the issuer of those securities. Clients should carefully review all available disclosures of any securities.

Additionally, despite SVBW's affiliation with FCB, client assets managed under the Wrap Fee Program are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency entity or person, and can lose some or all of their value.