

**PART 2A OF FORM ADV: FIRM BROCHURE**



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**This brochure provides information about the qualifications and business practices of SigFig Wealth Management, LLC (“SigFig”). If you have any questions about the contents of this brochure, please contact us at [support@sigfig.com](mailto:support@sigfig.com) or by telephone at 415-558-9611. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority, and references in this Brochure to SigFig as a “registered investment adviser” are not intended to imply a certain level of skill or training.**

**Additional information about SigFig is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2 – MATERIAL CHANGES**

The following is a summary of material changes that have been made to this Brochure since the last update on May 25, 2016:

- Item 10 has been updated to disclose that SigFig uses model asset allocations supplied by the third parties not affiliated with SigFig, which gives rise to a conflict of interest for such third parties as they are incentivized to recommend their proprietary models and the investment products in them through SigFig's platform.
- This Brochure has been amended to state that users who track their outside accounts synced on SigFig's platform are not considered advisory clients, because SigFig does not have investment discretion over such accounts.
- Item 15 has been updated to reflect that SigFig is deemed to have custody over advisory client assets.

Other information in this Brochure has changed which is not specified in this summary. Consequently, we encourage you to read this Brochure in its entirety.

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## ITEM 4 – ADVISORY BUSINESS

### A. General Description of Advisory Firm

SigFig Wealth Management, LLC (“SigFig”) is a limited liability company that was founded in 2011. SigFig is a wholly owned subsidiary of Nvest, Inc.

### B. General Description of Advisory Services Offered

SigFig provides free portfolio tracking service to individuals (“Users”) by allowing them to link their outside brokerage accounts to SigFig’s web-based platform<sup>1</sup>.

Utilizing its proprietary web-based technology, SigFig also provides discretionary investment recommendations and personal investment related data to individuals who open an investment management account with SigFig (the “Clients”) based on such Client’s trading patterns, existing individual portfolio investments, and risk profile. SigFig’s advisory services are made available to Clients through its website at [www.sigfig.com](http://www.sigfig.com), mobile apps and through co-branded pages and widgets on its media partners’ websites (collectively the “Website”). In all cases, including those where the services are made available through a co-branded partner website, SigFig’s web-based platform is powering the investment advisory services and hosting Client data.

SigFig’s online platform allows Users and Clients to:

- Sync portfolio data from brokerage accounts and review it in an easily accessible interface;
- Track and analyze holdings;
- Receive real-time and delayed market data and news on securities in their portfolios;
- Calculate portfolio performance and other analytics;
- Receive analysis and/or recommendations for investment advisers;
- Receive analysis and/or recommendations on their trading style and trading behaviors; and
- Receive analysis and/or recommendations for brokerage firms
- Create and edit mock portfolios and watch lists.

In addition the online platform allows Clients to:

- Receive analysis and/or recommendations advice on tax optimization opportunities; and
- Receive analysis and/or recommendations of mutual funds and exchange-traded funds (“ETF’s”) based on their existing investment portfolio and transaction history.

As noted above, SigFig’s technology enables Users and Clients to import their account data securely onto SigFig’s secure user platform. Users and Clients then have the ability to see their entire synced portfolio in one place, irrespective of which and how many SigFig supported brokerage firms they use. Based on numerous factors including but not limited to risk adjusted performance, fees and similarity, SigFig’s analysis and recommendations (in the case of Clients) has been designed to enable Users and Clients to optimize their existing synced portfolios, reduce their brokerage costs, and hire investment advisers.

Clients utilize SigFig’s asset management service for a fee as described below in Item 5 – Fees and Compensation. In designated accounts in the paid service, SigFig is given discretion to direct, manage, and change the investment and reinvestment of the Client’s assets as stated in the

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<sup>1</sup> It should be noted that Users do not enter into an investment agreement with, nor do they pay fees to, SigFig. Further, SigFig does not have any discretion over Users’ brokerage accounts, nor does SigFig provide recommendations to Users to purchase or sell any specific securities. For the aforementioned reasons, Users are not considered advisory clients of SigFig.

## Investment Advisory Agreement.

Users must make an independent determination as to whether to follow any guidance provided through the SigFig Website, and must make their own arrangements for execution of any desired transactions, the hiring of any investment adviser or the use of any broker dealer.

SigFig currently provides investment advice only with respect to mutual funds, ETF's (together with mutual funds, "Securities"), tax loss harvesting, investment style and investment advisers. As part of its services, SigFig also recommends broker dealers to Clients. SigFig's advice is currently intended to be limited to the foregoing.

### **C. Tailoring of Advisory Services and Client Imposed Restrictions**

SigFig does not tailor its portfolio tracking services to the individual needs of Users beyond basing the guidance upon the User's existing portfolio data. Instead, it provides guidance to Users based on their existing investment portfolio and transaction history (as provided to SigFig by the User via the SigFig user platform).

SigFig does tailor its adviser recommendations to Clients. As noted above, SigFig is given discretion to direct, manage, and change the investment and reinvestment of the Client's assets as stated in the Investment Advisory Agreement.

It should be noted that SigFig only recommends investment advisers that utilize the SigFig network. SigFig will assess the suitability of the advisers in its network to a Client's needs before recommending the adviser to a Client. Clients retain the ultimate discretion in electing to employ any SigFig recommended adviser.

SigFig will evaluate all advisers pursuant to a predetermined set of criteria prior to accepting any adviser onto the SigFig network. SigFig will review the adviser's assets under management, investment experience, disciplinary history, past performance, and numerous other factors. Further the adviser must agree to share a percentage of any investment advisory fees from the Clients with SigFig. Clients will bear no portion of the compensation paid to SigFig by the advisers. ***Clients are strongly encouraged to conduct their own research into any recommended investment adviser, including, but not limited to consulting with independent tax, legal or financial advisers as necessary.***

Clients are strongly encouraged to consider their individual circumstances, risk tolerance and needs prior to following any SigFig generated recommendation.

### **D. Wrap Fee Programs**

SigFig offers a Wrap Fee Program for which more information can be found in Appendix 1 of this brochure.

#### **E. Assets Under Management**

SigFig manages \$114,419,000 in discretionary assets as of September 1, 2016. SigFig does not currently manage any Client assets in a non-discretionary capacity.

## **ITEM 5 – FEES AND COMPENSATION**

### **A. Fees and Compensation**

SigFig's sources of revenue include advertising revenue generated through media partnerships, and management fees for Clients.

SigFig delivers portfolio-tracking services without charge to Users. Clients with investment management accounts are billed, per the Investment Advisory Agreement and on a case-by-case basis, a flat per month fee or a variable fee (each a "Management Fee") in a calendar month.

Portfolio tracking services include:

- Sync portfolio data from brokerage accounts and review it in an easily accessible interface;
- Track and analyze holdings;
- Receive real-time and delayed market data and news on securities in their portfolios;
- Calculate portfolio performance and other analytics;
- Create and edit mock portfolios and watchlists; and
- Receive analysis and/or recommendations on their trading style and trading behaviors.

Paid services include:

- Discretionary investment advice and portfolio management
- Receive analysis and/or recommendations of mutual funds and exchange-traded funds ("ETF's") based on their existing investment portfolio and transaction history.
- Receive analysis and/or recommendations advice on tax optimization opportunities;

Clients should pay particular attention to Item 5.C. below which describes other fees, not charged by SigFig, that Clients may incur from third parties that SigFig recommends through its Website or through its widget or co-branded pages of its media partners.

### **B. Fee Deduction**

Management Fees for accounts in the paid service are deducted from Client accounts by the account custodian and are paid in arrears in accordance with the Investment Advisory Agreement. Clients should read the Fees section of the Investment Advisory Agreement for a full description of fee calculations.

### **C. Other Fees and Expenses**

Clients may incur certain other standard fees and expenses billed by third parties that SigFig recommends to the Client through its Website. Such costs could include brokerage commissions, account opening fees, transaction fees, custodian fees, investment adviser fees and other related costs and expenses that will be incurred directly by the Client and billed according to standard rates. It should be noted that Users may access SigFig's portfolio tracking services and receive guidance without any condition or obligation, directly or indirectly, to act on SigFig's guidance. As noted above in Item 4, Users will be able to sync brokerage account data from broker dealers not recommended by SigFig.

#### **D. No Prepaid Advisory Fees**

No fees are payable to SigFig by Clients in advance of the provision of services.

#### **E. Compensation for the Sale of Securities or other Investment Products**

SigFig may enter into agreements with investment managers or broker dealers who compensate SigFig for Client assets invested through specific investment vehicles, such as ETFs. These arrangements present a conflict of interest by providing an incentive to recommend certain investment products.

SigFig mitigates this potential for conflict by conducting extensive due diligence on all the investment products it recommends to Clients. SigFig seeks to ensure that the basis upon which it makes recommendations are in the interests of Client needs and without regard to these arrangements.

Further, SigFig's recommendations rely heavily on commission-free investment products from each of its broker dealers. As each broker dealer cultivates its individual commission-free lists, SigFig does not direct Clients to one product or another based on its compensation arrangement, but instead advises its Clients to invest in part on whether or not the broker dealer will charge a commission or other fees.

SigFig addresses these conflicts of interest in numerous ways, including but not limited to the following:

- i. SigFig conducts due diligence on the broker dealers that it recommends to Clients and seeks to ensure that the basis upon which SigFig purports to make its recommendation is accurate to the best of its knowledge when the recommendation is given.
- ii. Although placement or size of advertisement of the broker dealer recommendations may be influenced by the existence of a compensation arrangement between SigFig and the broker dealer, SigFig selects the broker dealers it recommends to Clients on the basis of objective and disclosed criteria.
- iii. In all cases, SigFig seeks to provide Clients with disclosure that it believes enables Clients to make informed decisions as to whether they should follow the recommendations provided.
- iv. Clients will not be charged additional fees for transactions in securities for which SigFig is compensated by investment managers or broker dealers.
- v. When a Client must open a new brokerage account with SigFig, the account is opened with a broker dealer that does not offer the products in question on its commission-free list.
- vi. SigFig reviews a sample of Client accounts quarterly to ensure new client accounts are opened at the appropriate broker dealer and that any deviation from stated guidelines is reported to the Chief Compliance Officer.



## **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Not applicable to SigFig. SigFig does not charge performance-based fees.

## **ITEM 7 – TYPES OF CLIENTS**

SigFig Clients are generally individual investors who are seeking to optimize their investment portfolio, reduce their transaction costs, and/or hire an investment adviser. Clients are not required to have a certain amount of investment experience, personal wealth or sophistication.

Prior to receiving investment advice from SigFig, individuals are required to open a SigFig user account and complete an advisory agreement. To register an account, a prospective Client is required to provide SigFig or its media partner with:

- Identifying Information (e.g., email and password);
- Information regarding the Client's investment portfolio (either by providing SigFig with account credentials so that SigFig can directly obtain Client account holdings or by inputting the account information manually);
- An agreement to SigFig's Terms of Service; and
- An acknowledgement and agreement to SigFig's Privacy Policy.

It should be noted that certain of SigFig's information services are accessible without registering a user account. Such services do not involve the provision of guidance or investment advice.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. Methods of Analysis and Investment Strategies**

As described in Item 4.B, SigFig formulates and provides Clients with investment advice via its Website. In all cases, including those where the services are made available through a co-branded partner website, SigFig's web-based platform is powering the investment advisory services and hosting Client data.

As it pertains to analysis and guidance, SigFig's software platform generates guidance on the basis of an analysis of investment data, the User's and Client's trading patterns and the User's and Client's existing portfolio investments. In the case of Client's SigFig's software also makes the recommendations noted above.

When making Securities recommendations, SigFig's algorithms seek to identify better performing and/or lower cost (e.g. lower fees, loads and/or expenses) investment options within the same or a similar category (e.g. tracks the same index, has similar holdings or is within the same category of investment) of investment that the Client currently holds in their portfolio.

When making brokerage recommendations, SigFig's algorithms seek to identify fees that users have been charged by their current broker(s) and based on their trading behavior how much they would be charged if they used another broker dealer. SigFig's proprietary software then generates recommendations for Clients if they are likely to save money by switching brokers based on their past behavior.

Unlike other types of recommendations generated by SigFig, SigFig considers its Client's personal characteristics and risk tolerance when assessing the suitability of various investment advisers on its platform. SigFig analyzes various information for the advisers on its platform and then makes a recommendation if SigFig deems an adviser to be generally suitable for a Client.

As detailed in Item 5, SigFig only recommends investment advisers that utilize the SigFig platform. As such SigFig recommends investment advisers from a limited group. Clients should be aware that similar investment advisers may be available and Clients are encouraged to compare any investment advisers recommended by SigFig to similar investment advisers that do not utilize the SigFig platform.

As noted above, SigFig provides portfolio guidance and portfolio tracking services. The Users must make their own investment decisions based on the guidance and supporting information provided. Clients with accounts in the paid service give SigFig discretionary authority to direct, manage, and change the investment and reinvestment of the Client's assets as mentioned in Item 4 – Advisory Business.

Clients are strongly encouraged to conduct their own analysis of, and investigation into, the methodologies employed by SigFig in making its recommendations. The fact that a recommendation or guidance is generated by SigFig's proprietary technology cannot be interpreted as a guarantee of future performance. Investing in securities involves risk of loss that Clients and Users should be prepared to bear.

## **B. Risk Factors**

SigFig conducts its analyses primarily using detailed historical information. As with any investment, past performance is no guarantee of its future success.

SigFig relies on third parties for the provision of market statistics, fund details, performance, and related information and although these parties are generally reliable and reputable, there may be inaccuracies or discrepancies in the information that is beyond SigFig's control.

SigFig bases its recommendations and/or guidance on information provided by Clients and Users and relies on the Client and User to provide accurate information. If the Client or User provides inaccurate information, or does not verify that SigFig's portfolio tracker has accurately captured their portfolio holdings when syncing with the Client's account, this will impact the quality and relevance of SigFig's recommendations or guidance. As such, Clients and Users are urged to verify any account holdings synced to the user platform for accuracy, as recommendations are based upon such information.

SigFig provides recommendations to Clients based on proprietary software that utilizes various quantitative and qualitative models. Such computer generated recommendations, like all investment recommendations, may be subject to system error. No guarantee or representation is made that the investment recommendations will be successful. SigFig may simply fail to identify favorable investment opportunities or to evaluate those investments recommendations accurately that it does make to Clients. Further, as market dynamics (for example, due to changed market conditions and participants) shift over time, a previously highly successful model may become outdated or inaccurate, perhaps without the computer software system recognizing the change before further recommendations are made. As such, Clients are urged to verify any recommendations generated by the SigFig software platform with their own legal, financial, tax and economic advisors and to conduct their own due diligence on recommended Securities before following any recommendation.

There is no guarantee that a mutual fund or ETF will achieve its objective. The Securities share price fluctuates and investors can lose money by investing in the Securities. Securities may differ from each other in terms of investment style, objectives, management, geographical markets, holdings and numerous other factors. For a full description of the risks inherent in any specific Security, Clients should read the prospectus of the particular Security recommended.

SigFig does not generally consider the individual Client's unique characteristics or circumstances. Investment recommendations, in the case of Clients, and portfolio guidance in the case of Users, are generated based existing investment portfolio as provided to SigFig by the Client or User and, in the case of Clients, risk profile. SigFig utilizes the Client's existing portfolio information to make recommendations for investments in similar securities based on a limited number of factors (for example, past performance of the securities, associated fees, etc.). Such recommendations are based solely on the on the information and data filed by the issuers of securities with various government regulators or made directly available to SigFig by such issuers, or indirectly through other third party sources. Although SigFig, through its proprietary software, evaluates such information and data,

SigFig is not in a position to confirm the completeness, genuineness, or accuracy of such information and data, and in some cases complete and accurate information is not readily available.

In making investment recommendations there are a number of factors that SigFig does not consider, including but not limited to:

Tax Implications: With the exception of its tax loss harvesting recommendations, SigFig does not consider the Client specific tax implications with respect to the recommendations that it makes. In making recommendations to Clients, SigFig does not consider the tax characteristics of the individual Client, holding periods of securities, or other similar factors. Each Client must rely on its own examination, and that of its financial, tax and legal advisors in evaluating the merits and risks involved in selecting the Security. Clients should not construe the contents of the Website or any recommendation made by SigFig as tax advice. Each Client must rely upon its own representatives as to tax and other aspects of an investment in Securities and as to its suitability for such Client.

Transaction Costs and Frequency of Trading: With the exception of recommendations specifically focused on the frequency of the Client's trading (e.g., a recommendation that the Client trade less frequently), SigFig does not consider the frequency of a Client's trading when the proprietary software generates a recommendation. If a Client's investment approach involves a high level of trading and turnover of the Client's investments such approach may generate substantial transaction costs, tax implications (such as short-term capital gains) and other similar consequences that could negatively impact the value of the Client's investment portfolio. Clients should bear these transaction costs in mind when deciding whether to follow the recommendations generated by SigFig.

Certain Characteristics of Existing Portfolios: SigFig does not consider the restrictions that may be inherent in a Client's existing investment accounts when making investment recommendations. For example, when making a recommendation to sell a security and replace it with a similar security, SigFig does not consider (but attempts to disclose) whether the existing security would be subjected to an early redemption fee if the Client sells such security. Further SigFig does not consider a Client's brokerage costs for affecting transactions in the Client's existing investment accounts when making securities recommendations. Clients should consider such potential costs and consult their financial advisors, as necessary, before acting on an investment recommendation made by SigFig.

## **C. Material Risks of Investing in Mutual Funds and ETF's**

***Exchange Traded Funds.*** An ETF generally is an investment company, unit investment trust or a portfolio of securities deposited with a depository in exchange for depository receipts. The portfolios of ETFs generally consist of common stocks that closely track the performance and dividend yield of specific securities indices, either broad market, sector or international. ETFs provide investors the opportunity to buy or sell throughout the day an entire portfolio of stocks in a single security. Although index mutual funds are similar, their shares are generally issued and redeemed only once per day at market close. Investment in an ETF involves payment of such company's pro rata share of administrative fees charged by such company, in addition to those paid by a Client.

***Mutual Funds.*** An investment in mutual funds could lose money over short or even long periods. Clients should expect the fund's share price and total return to fluctuate within a wide range, like the

fluctuations of the overall stock market. A mutual fund's performance could be impacted by a number of factors including but not limited to:

*Investment style risk*, the chance that returns from small and mid capitalization growth stocks will trail returns from the overall stock market. Historically, small and mid-cap stocks have been more volatile in price than the large-cap stocks that dominate the overall market, and they often perform quite differently. Small and mid-size companies tend to have greater stock volatility because, among other things, these companies are more sensitive to changing economic conditions.

*Stock market risk*, the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

*Manager risk*, the chance that a mutual fund manager may make a poor security selection or focus on securities in a particular sector, category, or group of companies will cause the mutual fund to underperform relevant benchmarks or other funds with a similar investment objective.

## **ITEM 9 – DISCIPLINARY INFORMATION**

Neither SigFig nor any of its employees have had any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority. Neither SigFig, nor any of its employees, has had any proceedings before a self-regulatory organization.

Within the past ten years one of SigFig's employees, prior to employment at the firm, had been charged with a misdemeanor as disclosed in ADV Part 1. The incident has been expunged from the employee's record and the case number. For more information about this incident, please contact [support@sigfig.com](mailto:support@sigfig.com) for the individual's ADV Part 2B.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. No Broker Dealer Affiliations**

Neither SigFig, nor any of its management persons are registered, or have an application pending to register as a broker dealer or a registered representative of a broker dealer.

### **B. No Affiliations with Futures Commission Merchants, Commodity Pool Operators or Commodity Trading Advisor**

Neither SigFig, nor any of its management persons are registered, or have an application pending to register as a Futures Commission Merchants, Commodity Pool Operators or Commodity Trading Advisor or an associated person of the forgoing entities.

### **C. Relationships Material to SigFig's Advisory Business**

Some model asset allocations offered by SigFig are supplied by and are proprietary to third-party investment advisers not affiliated with SigFig. This gives rise to a conflict of interest in those instances, as the third parties are incentivized to recommend these models and the investment products in them through SigFig's platform. The allocations are applied by SigFig based on Clients' responses to the risk tolerance questionnaire that confirms the Clients' suitability for the allocation.

Neither SigFig, nor any of its management persons, has a relationship or arrangement with a related person that is material to its advisory business or to its Clients.

However, SigFig does have relationships with non-related persons that are material to its advisory business. As described in detail in Item 5.A. SigFig will be receiving compensation from certain unaffiliated investment advisers, broker dealers and media partnerships.



## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. SigFig's Code of Ethics**

SigFig has adopted a Code of Ethics (the "Code") which is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Code applies to SigFig's "Access Persons." Access Persons include, generally, any partner, officer or director of SigFig and any employee or other supervised person of SigFig who, in relation to the Clients, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations or has access to such recommendations that are non-public.

All SigFig employees and certain other individuals (including certain consultants) are deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account SigFig's status as a fiduciary and requires Access Persons to place the interests of the Clients above their own interests. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of SigFig's Chief Compliance Officer. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code on at least an annual basis and any time material amendments are made.

As required by Rule 204A-1 of the Advisers Act, SigFig's Access Persons must provide SigFig's Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. SigFig also requires its Access Persons to report their securities transactions on a quarterly basis thereafter and disclose their securities holdings on an annual basis. SigFig restricts the personal trading of its Access Persons as reflected in the Code of Ethics.

The Code also includes insider trading policies and procedures that are designed to prevent the improper use of material, non-public information. Such insider trading policies and procedures prohibit SigFig and its personnel from trading for their personal account, or recommend trading in, any securities while in possession of material, non-public information about such security, and from disclosing such information to any person not entitled to receive it.

Clients or prospective Clients may obtain a copy of SigFig's Code by contacting the Chief Compliance Officer at [legal@SigFig.com](mailto:legal@SigFig.com).

### **B. Securities Recommendations**

Neither SigFig, nor any of its related persons, recommends to Clients, or buys or sells for Client accounts, securities in which SigFig has a direct material financial interest. SigFig does have investment authority to purchase or sell securities on behalf of Clients. However, SigFig's related persons may purchase securities for their own accounts which may, in certain instances, be the same Securities as those recommended to Clients.

The Code requires Access Persons to place the interests of Clients over their own or those of SigFig, and all Access Persons are required to acknowledge their receipt and understanding of the Code.

### **C. Securities Transactions of SigFig and its Related Persons**

As stated above, SigFig does not buy Securities for its own account so no conflict exists at the firm level.

Access Persons may own Securities that are also owned by Clients. Certain Access Persons may be Clients of SigFig and to the extent they are, they will receive recommendations at the same time as similarly situated Clients. Because SigFig's recommendations are based on an objective ranking engine, and are communicated to Access Person Clients and Clients that are not Access Persons at the same time, however, no actual conflict arises and Clients will not be prejudiced. In addition, SigFig only recommends mutual funds and ETF's, which are liquid and therefore generally would not create conflict of interest situations.

SigFig's Code also maintains policies and procedures to prevent insider trading that are designed to prevent the misuse of material, non-public information. SigFig personnel are required to certify their compliance with the Code.

### **D. Recommending Securities to Clients**

As mentioned in Item 11C, SigFig does not buy securities for its own account. Therefore, no potential conflict of interest exists at the firm level. Access Persons may desire to trade securities that the firm is trading for Clients but, for the reasons described in Item 11C, no actual conflict arises and any common investments are not at the prejudice of the Clients.

## **ITEM 12 – BROKERAGE PRACTICES**

### **A. Broker Dealer Recommendations**

SigFig does recommend broker dealers to Users based on their transaction history and other account characteristics. Users are ultimately responsible for their own broker dealer transactions, including the commissions payable.

SigFig determines the broker dealer to be used and the commission rates to be paid in accounts in the paid service. Clients with accounts in the paid service may pay a commission on transactions in excess of the amount of commission another broker or dealer would have charged, but SigFig will periodically perform a review of brokers and dealers to ensure best execution of transactions and fair value of commissions.

SigFig has various direct and indirect arrangements with broker dealers that may advertise on the SigFig Website. When a user clicks on a banner or similar advertisement on the Website, SigFig may be paid a fee in accordance with such arrangements. In addition, SigFig will not necessarily base its broker dealer recommendations upon on a comparison of all broker dealers providing similar services and it may permit broker dealers with which it has entered into economic arrangements to present more expanded or rich media ads to Users and Clients than broker dealers who have not entered into such arrangements. Notwithstanding the foregoing, SigFig does not provide sponsored recommendations; instead, its recommendations are based upon an objective review of the broker dealers considered by SigFig.

SigFig does not plan to, but may, receive research and services from brokers and dealers as a part of commission rates paid to brokers and dealers. Any research and services SigFig receives will be in compliance with Section 28(3) of the Securities Act of 1934.

SigFig does not utilize any broker dealers to solicit Client referrals.

SigFig does not have directed brokerage arrangements.

## **ITEM 13 – REVIEW OF ACCOUNTS**

### **A. Periodic Review of Client Accounts**

SigFig continuously reviews the accounts of those Clients that have engaged SigFig's paid service.

Users without investment management accounts utilize SigFig's portfolio tracking services to view and review their synced or manually imputed account data and utilize SigFig's non-discretionary guidance. SigFig has no discretion over user accounts and will only provide guidance to Users based on Data provided by the User.

Users and Clients are strongly encouraged to conduct their own analysis of, and investigation into, the methodologies employed by SigFig in making its recommendations. The fact that a recommendation is generated SigFig's cannot be interpreted as a guarantee of future performance. Investing in securities involves risk of loss.

### **B. Reports Given To Clients**

SigFig sends periodic account summary emails to its Users and Clients, which periodic reports include information regarding the User's or Client's portfolio, including performance, top movers (up and down) and performance versus a relevant index. The reports also include top news stories. SigFig also sends other periodic or event inspired reports based upon market or portfolio activity. In addition, when Users or Clients login to the SigFig service, they can view their portfolio performance, asset allocation, dividends, key statistics and portfolio ratios and geographic allocation data, among other information.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

SigFig maintains a relationship with Cambridge Savings Bank (“CSB”) under what is known as a solicitor’s agreement. This means that CSB may refer its banking clients to SigFig for discretionary advisory services in return for compensation. Under the terms of the solicitor’s agreement, CSB must provide to its clients a standard written solicitor’s disclosure document and this Form ADV Part 2A consistent with Rule 275.206(4)-3 under the Advisers Act.

To the extent SigFig does enter into any other arrangements, all such compensation will be fully disclosed to each Client consistent with applicable law and to the extent necessary will be conducted in accordance with SEC Rule 206 (4)-3 under the Advisers Act, as well as relevant guidance.

## **ITEM 15 – CUSTODY**

SigFig is deemed to have constructive Custody of Client accounts because SigFig maintains the username and password for its Clients. Although SigFig has robust procedures to prevent any unauthorized access of a Client's account, SigFig will also perform the verification procedures required under Rule 206(4)-2 for such accounts.

SigFig will ensure that the Client funds and securities for which it has custody are maintained with a "qualified custodian" in a separate account for each Client under the Client's name. At this time, it is not anticipated that SigFig will open accounts with qualified custodians on behalf of clients.

SigFig will be subject to the additional surprise audit requirements of Rule 206(4)-2. Clients should carefully review the statements sent by the qualified custodians and are urged to compare accounts statements sent by SigFig (or provided via the SigFig web portal) to the account statements received from the qualified custodians.

## **ITEM 16 – INVESTMENT DISCRETION**

SigFig has broad discretion, subject to limitations in the Client's investment advisory agreement, to determine the Securities to be bought or sold, amount of securities to bought or sold, broker or dealer to be used for a purchase or sale of securities, and commission rates to be paid to a broker or dealer in a Client's accounts.

SigFig does not have discretionary authority over any User accounts.

## **ITEM 17 – VOTING CLIENT SECURITIES**

SigFig does not vote proxies on behalf of the Clients. SigFig does not have the authority to vote Client securities.



## **ITEM 18 – FINANCIAL INFORMATION**

SigFig is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Clients.

**PART 2A APPENDIX 1 OF FORM ADV: FIRM BROCHURE**



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**September 6, 2016**

**This wrap fee program brochure provides information about the qualifications and business practices of SigFig Wealth Management, LLC (“SigFig”). If you have any questions about the contents of this brochure, please contact us at [support@sigfig.com](mailto:support@sigfig.com) or by telephone at 415-558-9611. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority, and references in this Brochure to SigFig as a “registered investment adviser” are not intended to imply a certain level of skill or training.**

**Additional information about SigFig is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2 – MATERIAL CHANGES**

There have been no material changes to this Brochure since the last amendment filed May 26, 2016.

### **ITEM 3 – TABLE OF CONTENTS**

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## **ITEM 4 – SERVICES, FEES, AND COMPENSATION**

### **A. General Description of Advisory Firm**

SigFig Wealth Management, LLC (“SigFig”) is a limited liability company that was founded in 2011. SigFig is a wholly owned subsidiary of Nvest, Inc.

### **B. General Description of Wrap Fee Services Offered**

SigFig offers the following wrap fee program ("Program") whereby we manage Client accounts for a single fee that includes portfolio management services and the transaction/commission costs. Under this Program, we offer discretionary investment advice designed to assist Clients in obtaining a low-volatility income stream based on Balanced Income Model allocations for a convenient single “wrap” fee.

Client accounts are rebalanced at least quarterly, but are monitored daily, as described below in Item 9F to ensure Client accounts do not fall beyond the standard deviation threshold.

### **C. Wrap Fee Program Fees**

SigFig charges a single asset-based fee for advisory services, which includes the cost of portfolio management services and the execution of securities transactions, including brokerage commissions, account opening fees, transactions fees, custodian fees, investment adviser fees and other related costs and expenses. Costs that are unrelated to the ongoing management of the Client account will be borne by the Client. The annual fee for the Program is billed monthly in arrears on the last business day of the calendar month. Fees will be assessed pro rata in the event the portfolio management agreement is executed at any time other than the first business day of a calendar month.

On an annualized basis, our non-negotiable fee for the Program is calculated as 0.50% of Client assets.

SigFig is the sponsor and portfolio manager of the Program and, as such, receives the total fee. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program.

## **ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

The minimum investment required to participate in the Wrap Fee Program is \$100,000.

Clients are generally individuals, but may include pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. Clients are not required to have a certain amount of investment experience, personal wealth or sophistication.

Prior to receiving investment advice from SigFig’s Wrap Fee Program, individuals are required to open a SigFig user account. To register an account, a prospective Client is required to provide SigFig or its media partner with:

- Identifying Information (e.g., email and password);
- Information regarding the Client’s investment portfolio (either by providing SigFig with account credentials so that SigFig can directly obtain Client account holdings or by inputting the account information manually);
- An agreement to SigFig’s Terms of Service; and
- An acknowledgement and agreement to SigFig’s Privacy Policy.

The Program is not accessible without registering an account.

## **ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION**

SigFig is the sponsor and portfolio manager of the Wrap Fee Program. The maximum fee for portfolio management is included with the Program Fee as stated above in Item 4 – Services, Fees, and Compensation.

Some model asset allocations offered by SigFig are supplied by and are proprietary to third-party investment advisers not affiliated with SigFig. This gives rise to a conflict of interest in those instances, as the third parties are incentivized to recommend these models and the investment products in them through SigFig's platform. The allocations are applied by SigFig based on Clients' responses to the risk tolerance questionnaire that confirms the Clients' suitability for the allocation.

## **ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

SigFig, as the sponsor and portfolio manager of the Wrap Fee Program, will not provide your information to other portfolio managers.

For a copy of SigFig's Privacy Policy, please email [privacy@sigfig.com](mailto:privacy@sigfig.com).

## **ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS**

SigFig, as the sponsor and portfolio manager of the Wrap Fee Program, encourages clients to contact us directly with any questions regarding your account at [support@sigfig.com](mailto:support@sigfig.com).



## ITEM 9 – ADDITIONAL INFORMATION

### A. Disciplinary Information

Neither SigFig nor any of its employees have had any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority. Neither SigFig, nor any of its employees, has had any proceedings before a self-regulatory organization.

Within the past ten years one of SigFig's employees, prior to employment at the firm, had been charged with a misdemeanor as disclosed in ADV Part 1. The incident has been expunged from the employee's record and the case number dismissed. For more information about this incident, please contact [support@sigfig.com](mailto:support@sigfig.com) for the individual's ADV Part 2B.

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

SigFig has adopted a Code of Ethics (the "Code") which is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Code applies to SigFig's "Access Persons." Access Persons include, generally, any partner, officer or director of SigFig and any employee or other supervised person of SigFig who, in relation to the Clients, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations or has access to such recommendations that are non-public.

All SigFig employees and certain other individuals (including certain consultants) are deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account SigFig's status as a fiduciary and requires Access Persons to place the interests of the Clients above their own interests. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of SigFig's Chief Compliance Officer. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code on at least an annual basis and any time material amendments are made.

As required by Rule 204A-1 of the Advisers Act, SigFig's Access Persons must provide SigFig's Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. SigFig also requires its Access Persons to report their securities transactions on a quarterly basis thereafter and disclose their securities holdings on an annual basis. SigFig restricts the personal trading of its Access Persons as reflected in the Code of Ethics.

The Code also includes insider trading policies and procedures that are designed to prevent the improper use of material, non-public information. Such insider trading policies and procedures prohibit SigFig and its personnel from trading for their personal account, or recommend trading in, any securities while in possession of material, non-public information about such security, and from disclosing such information to any person not entitled to receive it.

Clients or prospective Clients may obtain a copy of SigFig's Code by contacting the Chief Compliance Officer at [legal@SigFig.com](mailto:legal@SigFig.com).

### **C. Securities Recommendations**

Neither SigFig, nor any of its related persons, recommends to Clients, or buys or sells for Client accounts, securities in which SigFig has a direct material financial interest. SigFig does have investment authority to purchase or sell securities on behalf of Clients using participating in the Wrap Fee Program. SigFig's related persons may purchase securities for their own accounts which may, in certain instances, be the same Securities as those recommended to Clients.

The Code requires Access Persons to place the interests of Clients over their own or those of SigFig, and all Access Persons are required to acknowledge their receipt and understanding of the Code.

### **D. Securities Transactions of SigFig and its Related Persons**

As stated above, SigFig typically does not buy securities for its own account so no conflict exists at the firm level.

In the event of a trade error, SigFig does maintain a trade error account that may temporarily hold securities erroneously purchased or sold for a Client account.

Access Persons may own Securities that are also owned by Clients. Certain Access Persons may be Clients of SigFig and, to the extent they are, they will receive recommendations at the same time as similarly situated Clients. Because SigFig's recommendations are based on an objective ranking engine and are communicated to Access Person Clients and Clients that are not Access Persons at the same time, however, no actual conflict arises and Clients will not be prejudiced. In addition, SigFig only recommends mutual funds and ETF's, which are liquid and therefore generally would not create conflict of interest situations.

SigFig's Code also maintains policies and procedures to prevent insider trading that are designed to prevent the misuse of material, non-public information. SigFig personnel are required to certify their compliance with the Code.

### **E. Recommending Securities to Clients**

As mentioned above, SigFig does not buy securities for its own account. Therefore, no potential conflict of interest exists at the firm level. Access Persons may desire to trade securities that the firm is trading for Clients but, for the reasons described above, no actual conflict arises and any common investments are not at the prejudice of the Clients.

### **F. Review of Client Accounts**

SigFig continuously reviews the accounts of those Clients that have engaged SigFig's Wrap Fee Program.

Clients are strongly encouraged to conduct their own analysis of, and investigation into, the methodologies employed by SigFig in making its recommendations. The fact that a recommendation is generated by SigFig cannot be interpreted as a guarantee of future performance. Investing in securities involves risk of loss that Clients should be prepared to bear.

The Program is designed to deliver a low-volatility income stream. We will trade at least quarterly to the Balanced Income Model allocations, plus ongoing, daily monitoring to ensure the account remains within the typical deviation threshold.

SigFig sends periodic account summary emails to its Clients, which include information regarding the Client's portfolio, including performance. SigFig also sends other periodic or event inspired reports based upon market or portfolio activity. In addition, when Clients login to the SigFig service, they can view their portfolio performance, asset allocation, dividends, key statistics and portfolio ratios and geographic allocation data, among other information.

**G. Client Referrals and Other Compensation**

Except as discussed in Item 5A of ADV Part 2A, Fees and Compensation, SigFig does not directly or indirectly compensate any person who is not a supervised person for client referrals. To the extent SigFig does enter into any such arrangements, as applicable, all such compensation will be fully disclosed to each Client consistent with applicable law and to the extent necessary will be conducted in accordance with SEC Rule 206 (4)-3 under the Advisers Act, as well as relevant guidance.

**H. Financial Information**

SigFig is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Clients.