

**ACORN DIGITAL WEALTH**  
**WRAP FEE PROGRAM BROCHURE**

**Acorn Digital Wealth**  
**a division of**  
**Oakwood Capital Management LLC**

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This wrap fee program brochure provides information about the qualifications and business practices of Acorn Digital Wealth (“Acorn”), a division of Oakwood Capital Management LLC (“Oakwood”). If you have any questions about the contents of this Brochure, please contact us at 888-882-2676 (or 888-88-ACORN) or by email at [info@acorndw.com](mailto:info@acorndw.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Additional information about Acorn and Oakwood and Oakwood’s other advisory programs is available upon request and on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Material Changes**

There have been no material changes made to Acorn's Form ADV Part 2A Wrap Fee Program Brochure since the firm's last amended form dated March 20, 2019.

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## Services, Fees and Compensation

### Program Description

Acorn (“We” or “Us”) offer our services as an automated or digital (i.e., internet/web-based) investment solution directly to individual investors, businesses, trusts and other client types through our website ([www.acorndw.com](http://www.acorndw.com)). Through this automated program (“Program”), Acorn makes available diversified investment strategies (“Strategies”) that are tailored to an individual’s risk description and investment objectives.

The investment advice rendered under this Program is delivered exclusively based upon information you submit via a web-based, electronic investment questionnaire (“Questionnaire”). The Questionnaire elicits information about your financial circumstances, investment objectives, risk tolerance, investment restrictions, and other relevant information relating to your account.

The web-based Program uses only your responses to the Questionnaire to determine whether the available investment strategies are appropriate for you generally, and, if so, to select a particular Strategy or Strategies or a specific mutual fund and to develop an investment policy statement (“IPS”) to which both you and we agree. The Program does not use any other information about you, such as other investments or your tax situation, to determine the most appropriate Strategy for you. The Questionnaire has ten questions and each question has a different weight. Acorn uses an algorithm that scores your answers to the questionnaire and uses your weighted score to determine your risk profile and then matches your risk profile with the most appropriate investment strategy. A different algorithm with different weightings could produce a different weighted score. Acorn believes the algorithm it uses produces the most appropriate Strategy for you, but other investment advisors may use different algorithms with different results.

Acorn selects funds for each strategy based on the general principles of Modern Portfolio Theory. Modern Portfolio Theory holds that a portfolio’s return can be maximized by altering and selecting the proportions of the various asset classes in a portfolio, and is based on the belief that markets work, diversification reduces uncertainty, risk and return are related, and that asset allocation along company size, value, profitability (as defined by Dimensional Fund Advisors LP, “DFA”) and market exposure dimensions primarily determines the results of a broadly diversified portfolio. More specifically, Acorn manages portfolios following the tenets of the Fama/French dimensions of returns investing, which holds that:

- stocks have higher expected returns than fixed income;
- smaller company stocks have higher expected returns and risk than larger company stocks;
- lower-priced “value” stocks have higher expected returns and risk than higher-priced “growth” stocks; and
- high direct profitability stocks outperformed low direct profitability stocks.

Acorn does not deviate from this approach in selecting funds for any Strategy and does not take defensive positions for your account even under stressed market conditions.

For accounts with \$50,000 or more, the recommended Strategy consists of a mix of structured mutual, index or exchange-traded funds (“Funds”) allocated among various asset classes. The Funds invest in domestic and international securities. For accounts with \$5,000 to \$50,000, the recommended Strategy consists of one structured mutual fund (“Fund”) that includes investments in various asset classes, except for the Global Social Core and Global Sustainability strategies. Those Strategies will invest in a mix of structured Funds allocated among various asset classes. Acorn, a division of Oakwood, uses Oakwood’s investment advisory personnel to select and monitor the funds for each Strategy and their weighting in your account. However, Oakwood’s investment advisory personnel do not constantly monitor your account except when your account is being rebalanced as explained below. See also Portfolio Manager Selection and Evaluation below.

The following Strategies are available for accounts: Conservative Equity; Moderate Equity; Aggressive Equity; Tax Managed Moderate Equity; Environmental, Social and Governance Equity (Global Social Core; Global Sustainability); Global Core Fixed Income; Tax Exempt Fixed Income; California Tax Exempt Fixed Income; and Global Balanced.

In addition, based on your responses to the Questionnaire, one of the following DFA Funds will also be available for you to select for your account: Dimensional Global Equity Portfolio; Dimensional Global Allocation 60/40; Dimensional Global Allocation 25/75; Dimensional 2005 Target Date Retirement Income Fund; Dimensional 2010 Target Date Retirement Income Fund; Dimensional 2015 Target Date Retirement Income Fund; Dimensional 2020 Target Date Retirement Income Fund; Dimensional 2025 Target Date Retirement Income Fund; Dimensional 2030 Target Date Retirement Income Fund; Dimensional 2035 Target Date Retirement Income Fund; Dimensional 2040 Target Date Retirement Income Fund; Dimensional 2045 Target Date Retirement Income Fund; Dimensional 2050 Target Date Retirement Income Fund; Dimensional 2055 Target Date Retirement Income Fund; and Dimensional 2060 Target Date Retirement Income Fund.

If you accept the Program's recommended Strategy, your assets will be invested accordingly.

At least twice a year, Acorn uses the iRebal software of TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), an unaffiliated SEC broker-dealer and member of FINRA/SIPC, to determine if any changes are needed to your account. Acorn does not believe the use of TD Ameritrade's software presents any conflicts of interest because Acorn does not use any TD Ameritrade structured, mutual or index funds in managing your account.

If the difference between the actual asset allocation of Funds in your account and the Program's intended asset allocation of Funds for the Strategy for your account is approximately plus or minus 20%, the Program will generate trades to rebalance your account back to the intended asset allocation of Funds for the Strategy unless you have made changes to your responses to the Questionnaire. In that event, the Program will rebalance your account to the new Strategy on the next rebalancing date, which is typically in May and October. The use of the iRebal software to rebalance your account does not take into account market conditions and may result in rebalancing your account more or less frequently than you might expect. Similarly, the iRebal software may not address prolonged changes in market conditions. Acorn does not change its approach to rebalancing your account even under stressed market conditions.

It is your responsibility to provide accurate and complete information in the online Questionnaire. **You are also responsible for updating previously provided answers to the Questionnaire online at our website, [www.acorndw.com](http://www.acorndw.com), for any material changes to the information you previously provided to us because failure to do so could affect the suitability of the services provided to you.** You will be notified periodically to emphasize the need for you to report such information.

If your account is taxable and has \$50,000 or more in the Program and upon your request, we may rebalance your account to sell securities that generate a tax loss and replace them with a substitute security in an attempt to generate tax savings for you. However, **we do not provide individualized tax planning or tax advice.** We recommend that clients in need of tax advice obtain these services from a qualified tax professional that is familiar with the federal, state and local tax issues applicable to the client's needs.

In order to utilize the Program's services, you will enter into an agreement ("Client Agreement") with Acorn and grant us full discretion to make investment decisions for your account in accordance with the Strategy you have selected, the IPS you and we have agreed to and the information provided by you in the Questionnaire or other written instructions you have provided to us.

The scope of any investment advisory relationship we have with you is defined in the Client Agreement you sign digitally with us. Upon our acceptance of the Client Agreement, we act as your investment adviser only for your account in the Program and not for any other assets or accounts, unless otherwise separately agreed to by us in writing. Our advisory relationship begins when we enter into a Client Agreement with you, which occurs at the later of: (i) the date of acceptance of the signed Client Agreement by us; or (ii) the date on which you have contributed the required minimum level of assets to your account.

## Investment Restrictions

Because all of Acorn's strategies invest only in Funds, your ability to restrict investments is limited. The only way you may impose investment restrictions on the management of your account is by choosing the appropriate Strategy that would satisfy your investment restriction requirements.

## Risk and Tax Disclosure

**You should understand that all investments involve risk of loss (the amount of which may vary significantly) that you should be prepared to bear, that investment performance can never be predicted or guaranteed and that the value of your account will fluctuate due to market conditions and other factors.** We make no representations or warranties with respect to the present or future level of risk or volatility in, or the future performance of, your account. You are assuming the risks involved with investing in securities, and you could lose all or a portion of the amount held in your account. You should read the fund prospectus and related information for each Fund purchased for your account. A summary prospectus for each Fund utilized in Acorn's Strategies is available on our website, [www.acorndw.com](http://www.acorndw.com) under the tab "Investing", sub-tab "Acorn's Investment Vehicles." At the Acorn Investment Vehicles page, you will need to click on the appropriate Strategy (e.g. Global Equity; Fixed Income; Environmental, Social & Governance; or Global & Target Date Funds) and then on the appropriate asset class to find links to the summary prospectus for each Fund included in the Strategy.

Typically, clients that have a more aggressive Strategy are subject to a greater risk of loss than clients that select a more conservative Strategy. Because clients' accounts are invested in shares of Funds, client account investment performance and risks are directly related to the investment performance and risks of the Funds. Please see the prospectuses of the Funds for additional information about risks.



There is no assurance that the performance results of any benchmark or index shown on any performance report and in Strategy descriptions can be attained. Market movements and other factors may result in significant differences between the performance of your account and any investment objectives set forth in the Questionnaire. Investments made, and the actions taken, for your account will be subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable.

We may sell all or a portion of the funds in your account, either initially or during the course of our management of your account. You are responsible for all the tax liabilities arising from these transactions, including, but not limited to ordinary income dividends, distributions of short-term capital gain, paid by Funds in your account to you.

We do not, and will not, offer tax advice to you and you are strongly encouraged to seek the advice of a qualified tax professional.

### **Funding of Your Account**

To open an account or make any subsequent contribution to your account, you will fund your account by depositing cash at TD Ameritrade or Fidelity Brokerage Services, LLC (“Fidelity”). You can also fund your account by transferring all or part of an existing account from an outside brokerage account in its entirety or partially to TD Ameritrade or Fidelity. As further explained below, we have arranged with TD Ameritrade or Fidelity to act as custodian and execute all transactions for your account. Its fees for custodial and brokerage services are included in our fee stated below.

### **Custodial Arrangements**

TD Ameritrade or Fidelity will act as the custodian for the assets held in your account. Pursuant to the Client Agreement, you agree to open any necessary securities accounts and execute the applicable TD Ameritrade or Fidelity securities account agreements.

The performance reports we provide for your account will be based on information provided by TD Ameritrade or Fidelity, which we will use for purposes of calculating the account fee. We will not be responsible for verifying the accuracy of such information or any losses or errors by TD Ameritrade or Fidelity in your account.

## **Investment of Cash Balances**

Cash balances and funds pending investment will automatically be invested or swept, temporarily, as part of an asset allocation or for defensive purposes, in accordance with the cash sweep option provided by TD Ameritrade or Fidelity and selected by Acorn.

## **Transactions in Your Account**

All of the transactions we order for your account will be executed by TD Ameritrade or Fidelity. Our fee includes the execution and custodial services provided by TD Ameritrade or Fidelity for all transactions for your account.

## **Ability to Obtain Our Services and Custodial Services Separately**

You may be able to obtain from other portfolio management firms, securities brokerage firms and banks the services we and TD Ameritrade or Fidelity provide separately. Depending upon the circumstances, the aggregate of any separately paid fees may be lower or higher than our fee. You may also be able to obtain some or all of the types of services available through Acorn from other firms and our fees may be higher or lower than the fees charged by other firms for comparable services. It is your responsibility to review other available services to determine whether they may be more appropriate for you.

## **Fees**

.50% of your assets under Acorn's management including any cash in your account that is typically invested in money-market funds, subject to a minimum monthly fee of \$5. Our fees are not negotiable.

The minimum account that Acorn will accept is \$5,000.

Our fees cover the investment advisory services, including performance reports, provided by us and TD Ameritrade's custodial and transaction services. We pay TD Ameritrade .12% and Fidelity .06% of the assets in your Acorn account for their custodial and transaction services for your account. We keep the balance of the fee you pay us for our portfolio management and

administrative services. You will not pay a separate fee to TD Ameritrade or Fidelity for its services.

Our fees are payable quarterly in arrears based on the market value of your account on a settlement date basis as of the close of business on the last business day of each month. The fee is calculated by taking the market value of your account at the end of the month and then multiplying by the fee rate (.50%). The monthly results for the three months of each calendar quarter are then added to calculate the quarterly fee. The quarterly fee is charged to your account at the close of business on the last business day of each calendar quarter. For the initial month, fees are calculated proportionally based upon the number of days left in the month from the date of Acorn's acceptance of your account. If you terminate your account in the middle of the month, fees are calculated proportionally based upon the number of days in such month that we managed your account.

Acorn may manage the accounts of Oakwood employees and their immediate family members at no charge.

### **Deduction of Fees**

Our fee will be withdrawn directly from your TD Ameritrade or your Fidelity account within the first week following the end of the quarter for which the fee is being charged. Our fee will be payable first from the liquidation or withdrawal of your shares of any money market funds or balances in any money market account, and then from the sale of shares of mutual funds in your account selected by us.

### **Other Fees and Expenses**

Our fee includes execution services for all transactions effected in your account, except fees and expenses incurred by the Funds purchased for your account. As a Fund investor, your account will bear a proportionate share of the Fund's expenses, including management fees, commissions and other transaction related charges incurred by a Fund, accounting and legal fees, any Fund redemption fees and other fees.

Thus, you will pay two management fees, one to the Fund manager and one to Acorn. These Fund fees and expenses are explained in detail in the respective fund's prospectus and statement of additional information which will be available online to you via a link at our website [www.acorndw.com](http://www.acorndw.com) under the tab, "Investing", sub-tab "Acorn Investment Vehicles." At the Acorn Investment Vehicles page, you will need to click on the appropriate Strategy (e.g.

Global Equity; Fixed Income; Environmental, Social & Governance; or Global & Target Date Funds) and then on the appropriate asset class to find links to the summary prospectus for each Fund included in the Strategy.

## **Investment of Cash Balances**

If cash balances in your account are invested in money market funds, your account will also incur the additional fees and expenses assessed by such money market fund.

## **Compensation for Recommending the Wrap Fee Program**

None of Acorn's or Oakwood's employees will receive any compensation for recommending that you use the Program.

However, registered representatives of TD Ameritrade or Fidelity as well as individuals or businesses with whom Acorn or Oakwood have referral arrangements may receive compensation for referral of clients to Acorn's website.

Currently, Acorn, as a division of Oakwood, participates in the institutional advisor programs offered by TD Ameritrade Institutional and Fidelity Wealth Advisor Solutions® Program® (the "WAS Program"). TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member.

Under the WAS Program, a Fidelity affiliate, Fidelity Personal and Workplace Advisors LLC ("FPWA") may refer clients to Acorn, and Acorn pays referral fees to FPWA for each referral received based on Acorn's assets under management attributable to each client account referred by FPWA. The WAS Program is designed to help investors find an independent investment advisor, and any referral from FPWA to Acorn does not constitute a recommendation or endorsement by FPWA of Acorn's particular investment management services or strategies. FPWA, in turn, pays a portion of the referral fee it receives from Acorn to the individual registered representative who referred the client to Acorn. Thus, the FPWA registered representative has an economic incentive to refer clients to Acorn. Acorn has agreed not to charge clients who are referred by FPWA more than the fee stated above.

Acorn is independent of, and not affiliated with, FPWA or Fidelity. FPWA and Fidelity do not supervise or control Acorn and have no responsibility or oversight for Acorn's investment management or other advisory services. FPWA may act as a solicitor for Acorn, and Acorn will pay referral fees to FPWA for each referral received based on the client's assets under

management attributable to each client referred by FPWA or members of each client's household. FPWA, in turn, pays a portion of the referral fee it receives from Acorn to the individual registered representative who referred the client to Acorn. (As stated above, Acorn is a division of Oakwood Capital Management, LLC and not a separate legal entity.)

Acorn may also receive referrals from TD Ameritrade's registered representatives. Thus, the FPWA registered representative, FPWA, the TD Ameritrade registered representative, TD Ameritrade and the other individuals and businesses with whom Acorn or Oakwood have referral agreements have an economic incentive to refer clients to Acorn. Acorn has agreed not to charge clients who are referred by TD Ameritrade more than the fee stated above.

Both TD Ameritrade and Fidelity offerings to independent investment advisors, such as Oakwood of which Acorn is a division, include custody of securities, trade execution, clearance and settlement of transactions. Acorn may receive some benefits from TD Ameritrade and Fidelity through participation in their respective programs. As noted above, Acorn clients are required to use either TD Ameritrade or Fidelity to act as custodian and broker to execute transactions for the Acorn client's account. Please see below for additional information.

## **Account Requirements and Types of Clients**

### **Client Eligibility**

Investors eligible to participate in Acorn's online program include, but are not limited to, individuals, trust and estates (to the extent allowed by state law), charitable organizations, banks, retirement accounts, corporations, or such other participants as we determine in our discretion and in accordance with applicable law.

### **Account Requirements**

The minimum initial investment in the Program is \$5,000. Our management of your account will begin as soon as: (1) you have completed the Questionnaire; (2) you have signed and we have accepted the Client Agreement; and (3) TD Ameritrade or Fidelity has received and credited your account with at least \$5,000.

## **Closing an Account and/or Terminating the Client Agreement**

We or you may terminate our management of your account or the Client Agreement, at any time, by delivering written notice to the other party. Termination is effective upon receipt of notice by the other party. Upon termination, we will refund any prepaid fees, prorated from the date of termination through the end of the quarter for which fees were prepaid. Upon termination of the Client Agreement or your account, you (or the legal representative of your estate) will have the sole responsibility for the investment of assets in your account.

Generally, at the time of termination, all of the Funds in your account will be redeemed, usually by the close of the next business day, unless you give specific instructions to the contrary.

## **Portfolio Manager Selection and Evaluation**

Acorn, a division of Oakwood, uses only the investment professionals of Oakwood to select Funds for each Strategy and to review periodically the Funds included in each Strategy and to make changes as appropriate. Unlike many wrap fee programs, we do not use any third-party portfolio managers. We receive more compensation than we would otherwise receive because we do not use third-party managers. We address these conflicts by disclosing them in this Brochure. Please also see the section Code of Ethics, Participation or Interest in Client Transactions and Personal Trading for additional information about our conflicts of interest and how we manage them.

We provide advice only on structured mutual funds and exchange-traded funds and we seek to provide clients with a choice of various Strategies and corresponding risk levels. However, we reserve the right to terminate or add new Strategies at any time and will give you 90 days' advance notice of any such decision so that you can decide whether to continue or terminate your investment advisory relationship with us.

Our online platform will provide you with quarterly performance reviews and performance since inception of our management of your account compared with what we deem to be appropriate benchmarks. However, this performance information does not substitute for your ongoing monitoring of your account and the performance of your investments.

Clients will be able to access their quarterly statements online. The quarterly statements will include asset allocation by Fund, quantity, Fund description, purchase date, percent of each Fund, unit cost, total cost and current Fund net asset value.

You may access a description (“Description”) for each of our Strategies through our online platform, [www.acorndw.com](http://www.acorndw.com). You should carefully read these Descriptions and understand the relevant objectives so that you can decide whether you want to accept the Strategy the Program has recommended for you. While the Description provides general information regarding the relevant Strategy, any past performance shown in the Description is not indicative of future results and the performance of your assets invested pursuant to a particular Strategy may differ from the information presented in the Description.

No claim is made that any performance information contained in the Descriptions has been calculated according to any industry standards, including the Global Investment Performance Standards (GIPS) or Performance Presentation Standards established by the CFA Institute. Any performance information in the Description for any Strategy may include model results which are considered to be hypothetical performance. Moreover, any performance information available in the Descriptions has not been reviewed by any third party.

Any performance information included in a Description is accompanied by important disclosures about the types of accounts included as well as other relevant topics. You should carefully consider all of this information when deciding whether to accept or reject the Program’s recommended Strategy. Descriptions are updated at least annually and are typically updated quarterly to include performance information as of the most recent quarter-end. You should look for the most current Descriptions of your selected Strategy on our website, [www.acorndw.com](http://www.acorndw.com).

The performance of your account also may differ from any prior results shown in a Description for a variety of other reasons, including:

- Differences in the types, availability and diversity of Funds that can be purchased for your account;
- Regulatory restrictions on the purchase of certain Funds;
- Fund restrictions on deposits and withdrawals; and
- Gains or losses caused by currency transactions.

Accordingly, we cannot assure that the performance of actual accounts will be similar to a Strategy's past performance.

## **Oakwood's Advisory Business**

Oakwood's portfolio management professionals responsible for managing Acorn's investment strategies and overseeing the management of Acorn's clients' accounts also provide portfolio management services to all of Oakwood's clients. Oakwood offers three types of discretionary, specialized investment management services to its clients: structured managed global portfolios that are managed according to investment strategies that are similar to the Strategies available to Acorn's clients, management of individual client annuity accounts invested in a Fidelity Personal Retirement Annuity and actively managed portfolios in a variety of investment strategies. The minimum account size for Oakwood's investment management services is typically \$1,000,000. In addition, Oakwood offers non-discretionary investment advisory services to 401(k) Plans, and, on a very limited basis, one-time non-discretionary advice. More information about all these services is contained in Oakwood's brochure (Oakwood Form ADV, Part 2A) and is available upon request, or the SEC's website at <http://www.adviserinfo.sec.gov>.

Oakwood participates in a limited role as the client's portfolio manager in wrap fee programs that are not described in this brochure and receives a portion of the wrap fee for such services. Oakwood manages these wrap fee accounts according to the same actively managed investment strategies as non-wrap fee program accounts, but not the same strategies as Acorn client accounts. The same investment professionals who are responsible for oversight of the Program's investment strategies for your and other Acorn clients' accounts will also be responsible for managing Oakwood's clients' accounts.

## **Performance-Based Fees**

The Program does not charge performance-based fees.

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

Please see the section entitled **Program Description** for a description of our methods of analysis and investment strategies and the section entitled **Risk and Tax Disclosure** for information about risk of loss.



## Voting Client Securities

### Proxy Voting

Acorn follows Oakwood's proxy policy and procedures.

It is our policy to vote all proxies unless specifically instructed in writing by the client not to do so or unless the client has specifically reserved in writing the right to vote proxies.

In the course of performing due diligence on the Funds, Oakwood investment professionals investigate the quality of management and evaluate management policies as an integral part of choosing a Fund for inclusion in a Strategy. Oakwood investment professionals are generally not shareholder activists and most proxy proposals contain adequate information to aid the informed investment professional in making a decision on how to vote the proxy in the best interests of the client. As a result, Acorn generally will vote with management on most issues, preferring that management be granted maximum flexibility and freedom to make decisions in the best interests of the shareholders.

If a client makes a written request to Acorn, the client may direct Acorn how to vote in a particular proxy solicitation.

In the event of a material conflict of interest, Acorn may eliminate the conflict by choosing one of the two following options: (1) notify affected clients of the conflict of interest and seek a waiver of the conflict; or (2) if agreed upon in writing with the client, forward the proxies to affected clients allowing them to vote their own proxies.

If you want to find out how Acorn voted your proxy on any given issue, you should contact an Acorn representative to make this request.

You may obtain a complete copy of Oakwood's written proxy voting policies and procedures as well as information on how proxies were voted for your account by requesting such information from Acorn at the address and phone listed on page 1 of this Brochure. Acorn will not disclose proxy votes for a client to other clients or third parties, unless specifically requested, in writing, by the client.

## **Class Actions and Other Legal Proceedings**

Acorn will not advise or take action on any legal proceedings including class actions related to securities purchased by Acorn for a client's portfolio.

## **Client Information Provided to Portfolio Managers**

As part of the automated enrollment process, you are asked to complete a Questionnaire that elicits information about your financial circumstances, investment objectives, risk tolerance and other relevant information relating to your account. The information in the Questionnaire is provided to our automated system which uses the information to recommend an appropriate Strategy for you.

Our automated system relies on information you provide online in managing your account, and it is your responsibility to promptly update such information online since failure to do so could affect the suitability of the services being provided. If you have an investment policy statement or other investment guidelines, it is your responsibility to ensure that the investment policy statement or guidelines are properly reflected in your responses to the Questionnaire, including any restrictions. We do not have any responsibility to review, monitor or adhere to any investment guidelines or similar document relating to your account and adherence to such investment policy statement, guidelines or similar document is solely your responsibility. We will not be required to verify the accuracy of any such information.

When you input any material changes to the information you furnish online, the Program automatically determines if a change in Strategy should be recommended.

Oakwood's investment professionals responsible for overseeing the automated Program will not receive any specific client information. Rather, their role is to assure that the Program recommends appropriate Strategies based on client information and to review periodically the Funds in the Strategies to assure that they continue to be appropriate.

## **Client Contact with Portfolio Managers**

If you have any questions concerning your account, or your selected Strategy, please notify us online at [info@acorndw.com](mailto:info@acorndw.com) or call us at 888-882-2676. We agree to make reasonably available one of Oakwood's investment professionals for a consultation with you regarding a Strategy, the composition and performance of a Portfolio, and the factors underlying the selection of the securities included in a Portfolio.

## **Additional Information**

### **Disciplinary Information**

We do not have any disciplinary information to report.

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

Please see *Client Referrals and Other Compensation* below.

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

### **Code of Ethics**

Oakwood's Code of Ethics applies to Oakwood's employees and officers and all activities conducted by Oakwood's employees on behalf of Acorn. Oakwood's Code of Ethics emphasizes the high standards of conduct that Oakwood has always sought to observe. The Code of Ethics consists of certain core principles including, but not limited to: 1) the interests of clients will be placed ahead of the firm's or any employee's own investment interests, 2) officers and employees will not take inappropriate advantage of their positions, 3) officers and employees will deal fairly and objectively with all clients when taking investment action for clients, 4) information concerning clients' investments will be kept confidential, 5) employees will provide professional investment management advice based upon unbiased independent

judgment, and 6) officers, managing members and employees will act with the utmost integrity.

In addition, the Code of Ethics places restrictions on officer and employee personal securities transactions and requires officers and employees to obtain prior approval of most of their personal securities transactions. The Code also requires officers and employees to report periodically, with a few minor exceptions set forth in Rule 204A-1 under the Investment Advisers Act of 1940 as amended (“Advisers Act”), their personal securities transactions and holdings.

Specifically, officers and/or employees of Oakwood are permitted to buy and sell securities for their own accounts provided they comply with procedures and reporting requirements which are designed to prevent any conflict of interest with client transactions. The following restrictions apply to all securities except mutual funds (“Employee Restricted Securities”). The exclusion of mutual funds from the restrictions described below does not pose any conflict of interest because the price of mutual fund shares is not determined by the purchase and sale of mutual fund shares, but rather by the value of the assets held by the mutual fund at the end of each trading day.

Oakwood has procedures in place to avoid contemporaneous trading by its officers and/or employees in Employee Restricted Securities that are also being recommended to clients or which are involved in buy and sell programs by Oakwood for its clients. Oakwood believes that these procedures are adequate to prevent any intentional or inadvertent conflict of interest. Nevertheless, it is possible that from time to time, Oakwood may recommend to clients, or purchase for or sell from Client portfolios, Employee Restricted Securities that are also held in the personal investment portfolios of Oakwood officers and/or employees. In addition, Oakwood's officers and employees may purchase or sell the same Employee Restricted Securities as clients a day or more in front of clients and receive a more favorable price. Oakwood's officers and employees may not purchase or sell the same Employee Restricted Securities on the same day as clients.

Oakwood employee accounts that are managed by the firm or other advisers are not subject to any of the restrictions of the policy on personal security transactions because the employee does not have any control over the employee's account.

Oakwood employees are also prohibited from purchasing securities in an initial public offering. However, subject to the preclearance requirement described above, Oakwood employees may purchase Employee Restricted Securities in the aftermarket. Oakwood employees must receive

written permission from the Chief Compliance Officer (“CCO”) or his designee to purchase any privately offered securities. Oakwood grants permission when it believes the investment would not be suitable for its clients or if there are sufficient securities for both its clients and its employees to purchase the privately offered securities.

Oakwood and its officers and/or employees may, from time to time, come into possession of material nonpublic and other confidential information, which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, Oakwood and its officers and/or employees may be prohibited from improperly disclosing or using such information for their own personal benefit or for the benefit of any other person, regardless of whether such other person is a client. Accordingly, should such persons come into possession of material nonpublic or other confidential information with respect to any company, they may be prohibited from communicating such information to, or using such information for the benefit of clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of any client.

Oakwood has adopted procedures to prevent the misuse of material information by it and its employees. Among other things, these provisions include requirements that Oakwood employees refrain from trading on or communicating such information to others.

Any employee who fails to comply with the Code of Ethics or observe the above-described policies risks serious sanctions, including fines, dismissal and personal liability.

Oakwood will provide any client or prospective client a copy of the Code of Ethics upon request.

## **Participation or Interest in Client Transactions**

Because Oakwood’s investment professionals are responsible for oversight of Acorn’s Program’s investment strategies, this section discusses Oakwood’s and its employees’ participation or interest in client transactions. Oakwood may act as investment manager to numerous client accounts including Acorn client accounts. Oakwood may give advice and take action with respect to any accounts it manages, or for Oakwood’s own account, that may differ from action taken by Oakwood on behalf of Acorn clients’ accounts. Oakwood is not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling any Fund that Oakwood or its employees may buy or sell for its or their own account or for the accounts of any other client. Oakwood is not obligated to refrain from investing in Funds held by Acorn clients’ accounts except to the extent that such investments violate Oakwood’s Code of Ethics.

From time to time, employees of Oakwood may have interests in Funds owned by or included in Strategies recommended to Acorn's clients. As these situations may represent a potential conflict of interest, Oakwood's Code of Ethics described above includes procedures relating to personal securities transactions that are designed to prevent actual conflicts of interest. In addition, Oakwood may manage accounts for its employees and their family members alongside Acorn client accounts. Oakwood has adopted trade aggregation and allocation procedures, which permit block trading of employee and family accounts with client accounts under certain circumstances. See discussion of Aggregation and Allocation of Sales and Purchase Orders in item 12, contained in Oakwood's brochure (Oakwood Form ADV, Part 2A) and is available upon request, or the SEC's website at <http://www.adviserinfo.sec.gov>.

Neither Oakwood nor Acorn engages in principal or agency cross transactions with clients.

## **Review of Accounts**

As noted above, Acorn's Program will generally rebalance clients' accounts to their intended asset allocation of Funds twice a year only if the difference between the account's allocation to Funds and the applicable Strategy's intended asset allocation of Funds is approximately plus or minus 20%. There is no other review of a Client's account.

## **Client Referrals and Other Compensation**

*Client Referrals.* Acorn may enter into contractual agreements with individuals and organizations, including broker/dealers (thereafter referred to as "solicitors"), who refer or solicit clients for Acorn. All such agreements are made in writing pursuant to regulatory requirements.

While the specific terms of each agreement may differ, generally, a solicitor's compensation is based upon signing new clients and the retention of those clients through a varying percentage interest in the fees paid to Acorn by such clients. The agreement also may provide for the solicitor to receive a minimum guaranteed amount of compensation for a specified or definite period of time. Under any circumstances, the solicitor's compensation does not increase the fee that Acorn would otherwise charge for its investment management services. See also [Compensation for Recommending the Wrap Fee Program on page 7](#).

*Other Compensation.* Oakwood, of which Acorn is a division, participates in institutional advisor programs offered by TD Ameritrade Institutional and Fidelity. TD Ameritrade and

Fidelity offer services to independent investment advisors which include custody of securities, trade execution, clearance and settlement of transactions. Acorn clients are required to use either TD Ameritrade or Fidelity for custody and brokerage services. There is no direct link between Oakwood's participation in the TD Ameritrade or Fidelity's institutional advisor program and Acorn's requirement that its clients use TD Ameritrade or Fidelity as custodial brokers and the investment advice Acorn gives to its clients, although Oakwood receives some economic benefits from TD Ameritrade and Fidelity through its participation in the programs. However, the benefits that Oakwood or its personnel receive through participation in the programs do not depend on the amount of brokerage transactions directed to TD Ameritrade or Fidelity.

Generally, in addition to a broker's ability to provide "best execution," Oakwood may also consider the value of "research" or additional brokerage products and services a broker-dealer has provided or may be willing to provide. This is known as paying for those services or products with "soft dollars." Because many of the services or products could be considered to provide a benefit to the firm, and because the "soft dollars" used to acquire them are client assets, the firm could be considered to have a conflict of interest in allocating client brokerage business: it could receive valuable benefits by selecting a particular broker or dealer to execute client transactions and the transaction compensation charged by that broker or dealer might not be the lowest compensation the firm might otherwise be able to negotiate. In addition, the firm could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

The firm's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), the firm will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors described below, that the compensation to be paid to TD Ameritrade is reasonable in relation to the value of all the brokerage and research products and services provided by TD Ameritrade. In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or

set of transactions may be greater than the amounts another broker-dealer who did not provide research services or products might charge.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds and exchange-traded funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Oakwood by third party vendors. Both TD Ameritrade and Fidelity may also have paid for business consulting and professional services received by Oakwood's related persons.

Some of the products and services made available by TD Ameritrade and Fidelity may benefit Oakwood and Acorn but may not benefit Acorn's clients' accounts. These products or services may assist Oakwood and Acorn in managing and administering client accounts, including accounts not maintained at TD Ameritrade or Fidelity. Other services made available by TD Ameritrade or Fidelity are intended to help Oakwood and Acorn manage and further develop their business enterprise.

These services are made available to independent investment advisers so long as they meet certain criteria and are not otherwise contingent upon Oakwood or Acorn committing to either firm any specific amount of business. Both Fidelity and TD Ameritrade require that in order to qualify with their respective referral programs, an investment adviser must meet several criteria including, among other things, have assets under management of at least \$350 million for Fidelity and \$100 million for TD Ameritrade. In addition, Acorn has agreed to pay TD Ameritrade referral fees of 25% on all advisory fees received from clients referred by TD Ameritrade. Acorn has also agreed to pay FFWA (a subsidiary of Fidelity) referral fees of .20% on all advisory fees received from referred clients until March 31, 2017, and beginning April 1, 2017, an annual percentage of .10% of any and all assets identified as Fixed Income Assets and .25% of all other assets held in client accounts.

Under the arrangement with FFWA, Acorn has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FFWA or establish brokerage accounts at other custodians for referred clients, and Oakwood has agreed to pay FFWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FFWA's affiliates to another custodian. As part of Acorn's fiduciary duties to clients, Acorn endeavors at all times to put the



interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Oakwood, Acorn or their related persons in and of itself creates a potential conflict of interest and may indirectly influence Acorn's choice of TD Ameritrade for custody and brokerage services.

## **Financial Information**

Not applicable.

## Privacy Notice

The following applies to Acorn clients.

Acorn Digital Wealth, a division of Oakwood Capital Management LLC, recognizes and respects the privacy expectations of our clients. Our clients entrust us not only with their hard-earned assets, but also with their personal and financial data. We consider our clients' data to be private and confidential, and we hold ourselves to the highest standards of trust and fiduciary duty in their safekeeping and use.

We have not and will not sell your personal information to anyone.

We collect nonpublic personal information about our clients from the following sources:

- Account Applications and other Forms, which may include a client's name, address, telephone number, social security number, and information about a client's investment goals and risk tolerance;
- A Client's Professional Advisors such as consultants, attorneys and accountants, who may provide financial, investment history and tax information about a client;
- Account History, including information about the transactions we have ordered for you and balances in your account; and
- Correspondence, written, electronic or telephonic between you and us or your broker or custodian and us.

We will not release information about you or your accounts to any third party unless one of the following conditions is met:

- We receive your prior consent.
- We believe the recipient to be you or your authorized representative, including your attorney or accountant.
- The recipient is a broker, custodian or other service provider with whom we must share information in order to manage or service your account properly.
- We are permitted or required by law to release the information to the recipient.

We will only use information about you and your accounts to:

- Help us better serve your investment and financial needs,
- Suggest services or other materials that may be of interest to you,
- Fulfill our regulatory obligations, and
- Administer our business.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide our services to you. We also maintain physical, electronic and procedural safeguards that comply with federal standards to guard the privacy of your nonpublic personal information.

We will adhere to the policies and practices described in this notice whether you are a current or former client.