



Form ADV Part 2A - SoFi Wealth LLC

Effective

September 18, 2020



# SoFi Wealth LLC

## Item 1: ADV Part 2A Cover Page

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September 18, 2020

**This brochure provides information about the qualifications and business practices of SoFi Wealth, LLC (“SoFi Wealth” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at [\(855\) 525-7634](tel:8555257634) or [investsupport@sofi.com](mailto:investsupport@sofi.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. SoFi Wealth is registered with the SEC as an investment adviser; please note that such registration does not imply a certain level of skill or training.**

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

## Item 2: Material Changes

Under SEC Rules, you will receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year, which is in December. We may also provide you with a new Brochure or other ongoing disclosure information about material changes as necessary, without charge.

Since filing the last Annual Amendment to this Brochure in March, 2020 we have made the following material changes:

- We updated the brochure to remove Anthony Paquette as a member of the Investment Committee.
- We updated our financial planning offering to include a complimentary Basic Financial Planning service and a fee-based Premium Financial Planning service.
- SoFi Wealth previously offered on its website a tool called “Relay” that presents information from the user’s accounts, such as balances in bank accounts and loan balances, from accounts held at SoFi and at external financial institutions. The information is presented for educational purposes and to assist in account management. The Relay tool is now available to users of the general SoFi website (at [www.sofi.com](http://www.sofi.com)) and on the SoFi mobile App, and is offered by Social Finance, Inc. The Relay tool will continue to be available to all existing users, including clients of SoFi Wealth. It is no longer offered by SoFi Wealth, and the tool does not offer any financial planning service.

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## Item 4: Advisory Business

SoFi Wealth, LLC (“SoFi Wealth”) is an internet based (or “online”) investment adviser registered with the Securities and Exchange Commission (“SEC”). SoFi Wealth provides investment advice to individual investors utilizing proprietary software, along with an experienced investment team to advise clients on general asset allocation. SoFi Wealth is a wholly owned subsidiary of Social Finance, Inc. (“SoFi”), a Delaware corporation.

### **The Services We Provide**

SoFi Wealth provides clients online investment advisory services over the internet and through a mobile application.

SoFi Wealth offers a “Wrap fee Program” that includes client access to “Digital Advice” tools and Automated Asset Management services, each as described further below.

In addition, SoFi Wealth offers clients access to financial planning services that require a monthly fee.

### **Wrap Fee Program**

#### **SoFi Wealth Digital Advice**

SoFi Wealth offers on its website and mobile application access to automated tools designed to provide clients with self-directed insights into their financial situation. SoFi Wealth clients may obtain automated advice in the following ways:

- SoFi Wealth may provide clients with recommended financial actions based on the limited information the user has provided to SoFi Wealth, such as information input directly into SoFi Wealth forms and information imported from connected accounts or from credit reporting information.
- SoFi Wealth offers certain users the option to use a self-directed tool that collects information about the user’s student loan debts and presents alternatives for managing student loan debt and repayment strategies.
- SoFi Wealth offers certain users the option to use a self-directed tool that helps estimate monthly contributions to save for anticipated college expenses. The tool estimates college expenses in a year in the future, and using that estimate, calculates a monthly contribution needed to save the estimated total expense amount. It uses assumptions for the many key variables, including rate of return. The tool allows the user to connect to state-sponsored college savings plans (also called “529 Plans”) to establish an account.

SoFi Wealth believes that automated tools offer value to many clients, but all clients must be aware that the automated tools have significant limitations. SoFi Wealth’s automated tools rely upon user-input information, information from connected accounts (which can be incomplete and in some cases unavailable). SoFi Wealth’s tools offer prefigured guidance based upon common scenarios and do not

take into account many important unique circumstances of the client. The usefulness of the results is also limited by the limited quantity of information the user submits.

Because of these limitations, automated advice may not be not appropriate for everyone. Some clients will have financial situations that require advice from an in-person planner for actionable guidance.

SoFi Wealth may obtain and use information from a client's accounts at SoFi and at external institutions. SoFi Wealth uses the information to support delivery of insights and automated advice that is more personalized to your situation. A client may elect to connect an account (such as a loan, credit card, or deposit account) held at SoFi or at an external institution, which makes the information available to SoFi Wealth. SoFi offers the service to connect an external account through SoFi's Relay tool and to obtain employer contributions. SoFi connects external accounts using a service offered by Plaid, Inc., which allows a client to connect with the external institution that holds the account. In order for a client to use the service to connect an account, the client authorizes SoFi to obtain account information from the external account as set forth in SoFi's Terms of Use, and the client must register directly with Plaid and accept Plaid's terms of use and privacy policy.

To access the digital advice tools described above, all users must accept and enter a Customer Agreement with SoFi Wealth.

### **Automated Asset Management Services**

SoFi Wealth offers its clients the opportunity to establish Automated Investing under the SoFi Invest brand name. To establish Automated Investing, a client must accept and enter a SoFi Wealth Advisory Agreement.

In accordance with the SoFi Wealth Advisory Agreement, SoFi Wealth allows the customer to establish an automated recurring deposit into an investment account, offers recommended asset allocation portfolio, manages portfolios, and performs certain advisory functions with respect to each portfolio. This includes recommending asset allocated portfolios and providing automated portfolio rebalancing services.

SoFi Wealth is authorized to, among other things:

- Recommend one of five asset allocation models to investors - aggressive, moderately aggressive, moderate, moderately conservative, and conservative. The system evaluates user risk profiles through our online risk-evaluation system, also referred to as the Goals, Risk and Objectives Exercise. Through a series of questions with user-input (goal, time horizon and risk tolerance), SoFi Wealth reasonably identifies appropriate risk profiles and automatically assigns the recommended asset allocation our clients, which is designed to tailor client risk to the profile supplied by the user;
- Identify security choices for our clients in order to minimize trading costs and other fees; we continuously evaluate the performance of a range of indices and securities to determine if we should replace an asset class or implement an additional asset class in our client's portfolios;

- Determine optimal times for portfolio rebalancing that return the client to the target risk profile and attempt to minimize trading costs and minimize other fees;
- Identify asset classes and securities which are appropriate according to certain pre-programmed rules related to a client's account: for instance, minimizing tax inefficient securities in taxable accounts while maximizing their potential in tax-deferred accounts. The election of a non-qualified or qualified account will result in different allocations and underlying holdings, but models with a risk tolerance band will have similar target risk and return characteristics;
- Identify and evaluate the timing and method of disposition or liquidation of investments, select and determine investments to be disposed of or liquidated, and cause an investor to dispose of or liquidate investments in accordance with the terms of the Advisory Agreement in order to facilitate allocation remodeling;
- Engage personnel to assist the Investment Advisor in providing investment advisory services, including, without limitation, counsel, consultants, accountants, investment bankers, financial advisors and sub-investment advisors;
- Open, maintain and close accounts, including custodial accounts, but excluding collection accounts, with banks, including banks located outside the United States, and draw checks or other orders for the payment of monies;
- Incur expenditures as the Investment Advisor determines to be appropriate in furtherance of the purpose of the best interest of investors, and, to the extent that the funds of an investor are available, pay all expenses, debts and obligations;
- Perform such other duties, activities, functions and all other similar things necessary to achieve, implement or facilitate any of the foregoing provisions in the United States as well as foreign jurisdictions.

There is no limitation or restriction on the ability of the Investment Advisor or any of its Affiliates to act as an investment manager (or in a similar role) for other persons. This and other future activities of the Investment Advisor and its Affiliates may give rise to conflicts of interest. See Item 10, below, for how we handle conflicts of interest.

### **Termination of our Advisory Agreement**

The Advisory Agreement may be terminated by either party at any time, and without cause, in accordance with the applicable Advisory Agreement. SoFi Wealth will promptly liquidate Client's holdings and, upon settlement, disperse the proceeds per the investor's instructions. Upon termination of any account any earned, unpaid fees will be due and payable in accordance with the applicable Advisory Agreement

## **Wrap Fee Program Overview**

Assets of SoFi Wealth are managed as part of SoFi Wealth's Wrap Program. A wrap account is a professionally managed investment plan in which expenses, including brokerage commissions, management fees, and administrative costs, are "wrapped" into a single charge. SoFi Wealth's Wrap Program provides clients with investment guidance, portfolio management, and brokerage services for one comprehensive fee based on a percentage of individual account assets.

SoFi Wealth may buy or sell securities consistent with analysis designed to seek an investment return suitable to the investment objectives and goals of each distinct client account.

SoFi Wealth determines a suitable course of action by performing a review of the data entered by the client in establishing the account, also referred to as the Goals, Risk and Objectives Exercise. This review may include type of account, client goals, investment objectives, overall financial condition, income and tax status, personal and business assets, risk tolerance, and other factors unique to the individual client's situation. Based on client suitability parameters, SoFi Wealth will design, revise, and reallocate a client's custom portfolio.

Client accounts are managed on a discretionary basis. See Item 16 for more details. Clients are responsible for providing any changes to their financial situation or investment objectives by updating their responses on our interactive website. SoFi Wealth will contact clients periodically to determine whether their financial situation or investment objectives have changed or if they want to modify their target asset allocation. Clients may modify their target asset allocation at any time through the SoFi Wealth website.

Clients must appoint SoFi Wealth as their investment adviser of record on specified accounts (collectively, the "Account"). The Account consists only of separate account(s) held by qualified custodian(s) under the client's name. The qualified custodian maintains physical custody of all funds and securities of the Account, and the client retains all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account. Please see Item 12 for more information.

It is important for a client to understand that we manage investments for other clients. The advice we give to any client might be different from the advice we give other clients and different from the actions take on our personal accounts. SoFi Wealth is not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

## **Financial Planning Services**

SoFi Wealth offers clients the opportunity to engage by phone and email with financial planners. SoFi Wealth offers clients two options:

- **Basic Financial Planning** – At no charge to the client, the client may engage with a financial planner in periodic sessions (by phone and email and video call) for up to 90 days. The objective of the session is to create a limited and targeted financial plan for a specific defined topic, such as managing the general household budget, insurance planning, debt management, retirement saving, college saving, home buying, or asset allocation & investment planning. The planner will obtain a general understanding of the client's financial situation but will not obtain a comprehensive view necessary for a full financial plan. The SoFi Wealth planner will not have any continuing obligation to the client and will not monitor the client's situation. To obtain the Basic Financial Planning service, a client would enter into a Planning Agreement with SoFi Wealth.
- **Premium Financial Planning** – SoFi Wealth offers clients the SoFi Wealth Premium financial Planning service, a more complete financial planning service, for a fee. Upon enrolling in the Premium Planning service a SoFi Wealth CERTIFIED FINANCIAL PLANNER™ professional (referred to here as "Financial Planner") will engage with the client to identify the client's objectives, review his or her financial situation, and prepare a plan. The fee for Premium Financial Planning is \$39.99 per month on a month to month basis. The client may terminate at any time. To obtain the Premium Planning Service, a client would enter into a Planning Agreement with SoFi Wealth. Terms of the service include:
  - The client is offered the opportunity to schedule meetings with a Financial Planner to complete a financial plan that reasonably suits the client's requested scope.
  - Planning meetings can occur by phone or video call, and additional communication may occur by email.
  - The Financial Planner will assist the client in identifying goals and objectives for a plan.
  - The Financial Planner will prepare a plan for the client that reasonably addresses the client's identified needs. Plans commonly address budgeting, insurance planning, debt management, retirement saving, college saving, home buying, asset allocation, equity compensation planning, estate planning, or retirement distribution planning.
  - The Financial Planner will propose check-ins at the least once per calendar quarter during the client's subscription.
  - A member may terminate their relationship with their financial planner at anytime by emailing [planner@sofi.org](mailto:planner@sofi.org)

SoFi Wealth Financial Planners do not implement any transaction on behalf of our Clients and SoFi Wealth and its Financial Planners do not engage in active or ongoing management of investments for clients. The client has the sole responsibility to determine whether to and how to implement the financial



planning recommendations. All financial plans do not include specific recommendations of individual securities.

SoFi Wealth and its Financial Planners do not actively monitor any client's financial situation or investments. The client has sole responsibility to monitor his or her own financial situation and to seek input from a Financial Planner if circumstances change or merit additional analysis and planning.

SoFi Wealth's planning services and any recommendations are dependent on receiving accurate information from the client.

SoFi Wealth sets forth in its Planning Agreement that the planning service does not include any tax or legal advice.

### **Assets Under Management**

SoFi Wealth has \$202,928,981 under management as of September 11, 2020 .

### **Ownership**

SoFi Wealth is a wholly owned subsidiary of Social Finance, Inc.

## **Item 5: Fees and Compensation**

SoFi Wealth offers asset management services under the brand "Automated Investing", under the broader SoFi Invest umbrella. SoFi Wealth does not currently charge a management fee for Automated Investing. SoFi Wealth may introduce other products or services for which it does charge a fee in the future. SoFi Wealth may change this fee from time to time.

SoFi Wealth does not currently receive any sales commissions, 12b-1 fees or other fees from ETFs for investing such funds on behalf of advisory clients, but this may change in the future.

Clients who invest in an ETF pay ETF fees. An ETF typically includes embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and affect a Client's portfolio performance or an index benchmark comparison. Expenses of an ETF may include management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer.

Investors are charged incidental fees for certain services provided by our clearing firm (Apex Clearing) such as IRA administration, sending money or securities to another firm via ACAT, or sending paper statements or confirms (electronically delivered documents are free). These fees may change from time to time and can be found at the following location when logged into your account on the SoFi website: [www.sofi.com/wealth/assets/documents/sofi-invest-fee-schedule](http://www.sofi.com/wealth/assets/documents/sofi-invest-fee-schedule).

A single, all-inclusive fee for brokerage, custodial and recordkeeping services may cost the client more or less than the cost of purchasing these services separately. The primary factor affecting the comprehensive fee is the provision by SoFi Wealth of individualized investment advice and portfolio management services tailored to the needs of each individual. SoFi Securities, LLC, an affiliate of the

Firm, marks up these charges under certain circumstances to cover costs associated with the administration of such fees.

SoFi Wealth does not receive transaction-based compensation for the sale of securities to SoFi Wealth investors. Some investors in SoFi Wealth may also be clients of SoFi Securities and may purchase securities through them.

At the end of each month during which an account had activity, but not less than quarterly, SoFi Wealth's Clearing Broker Dealer, Apex Clearing, will prepare and provide a statement to each investor. The statement will include:

- the net asset value of a portfolio in accordance with generally accepted accounting principles, as applied in the United States as of such time;
- the amount of distributions;
- the securities holdings;
- change in value; and
- the Management Fee, if any.

SoFi Wealth will make these statements available online from their proprietary site, as well as keep client positions, including: shares owned, account value, and transaction history available to the client through the site, which will be updated after the end of each business day.

If a client elects to enroll in SoFi Wealth's premium Financial Planning service, SoFi Wealth charges a subscription based fee of \$39.99 per month.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

SoFi Wealth does not engage in Side-by-Side Management or receive any performance-based compensation.

## **Item 7: Types of Clients**

SoFi Wealth's clients will be individual investors, including individuals, high net-worth individuals, trusts, and estates. There is no minimum investment commitment. Account and ACH minimums may be waived at the election of the Firm. SoFi Wealth leverages its technology platform in order to allow for smaller client minimums as we rely on our risk and portfolio management systems to develop optimal portfolios for our clients.

SoFi Wealth relies heavily on technology to perform investment management services. SoFi Wealth Clients are made aware of the following when utilizing SoFi Wealth's software-based IA services via this disclosure document:

- Clients of SoFi Wealth agree to rely primarily on the SoFi Wealth website for their account information, including, but not limited to, their positions, profits and losses, account value, account performance, statements, and confirmations. However, quarterly or monthly statements as well as trade confirmations will be provided electronically to the client by the clearing broker-dealer on the SoFi website;
- Clients of SoFi Wealth agree that their risk profile is created through our profiling system, and this information is used to map clients to their recommended portfolios. All client risk profiling information is confidential. We recommend that clients re-evaluate their risk profile if any of their circumstances have changed in a material way. This will allow SoFi Wealth to quickly recommend a new portfolio, and to establish the client in those new positions;
- Typical investments in the SoFi Wealth wrap program will be ETFs, and SoFi Wealth will focus on ETFs with low expense ratios and adequate liquidity, while still sufficiently tracking their underlying indices. However, SoFi Wealth is not limited in what it may recommend to its clients, and may offer additional services outside the wrap program that may include positions in individual equity securities, debt securities, futures, foreign exchange, options, and commodities in order to meet client objectives. Client accounts which include products outside of ETFs will be subject to higher fees, and require the client to be sufficiently sophisticated to understand and be able to afford the risks of these strategies.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis**

SoFi Wealth uses a Goals, Risk and Objectives Exercise and an asset class based strategic asset allocation to create a plan for clients to reach their financial goals. We begin by gathering information about the client. Next, we ask for information about the client's goals, the amount of time the client identifies as the period over which to reach those goals, and the investor's stated risk tolerance. We then use target-specific strategic asset allocation to formulate an investment strategy that helps them reach those goals. Finally, we help them implement the plan by creating and managing a portfolio based on the target they selected. Algorithms are utilized to assess the risk tolerance of a client and to recommend an asset allocation. Clients may accept our recommended investment strategy or select a different one.

SoFi Wealth investment strategies typically contain 4-12 ETF securities, which track world indices and will allow us to create diversified portfolios for our clients. These strategies attempt to offer optimum expected returns given the risk tolerance, time horizon, and objectives of each strategy. SoFi Wealth will adjust portfolios periodically to reflect our analysis of world market conditions. This could result in periods of time where the portfolios are completely in cash or cash equivalents.

There are many ways to build a portfolio of stocks and bonds. Most approaches fall into one of two categories: passive or active. Passive investing picks a benchmark index and mirrors it. An ETF tracking the S&P 500 Index is an example. Active involves making decisions that differ from the benchmark index. A mutual fund benchmarked to the MSCI World Index that picks what it thinks are the best stocks from anywhere in the world, or one that might overweight Europe at the expense of Japan, are examples of active investing.

SoFi Wealth employs the active management of passive assets. We actively curate a portfolio of passively managed index ETFs. Portfolios are generally composed of broadly diversified ETFs that invest in global stocks and bonds, but SoFi Wealth is not limited to these types of investments.

Our Investment Committee drives our portfolio allocation decisions using a combination of backward-looking investment metrics and forward-looking estimates. We also track whether our bias is adding value to the portfolios relative to the static benchmarks for each strategy. We believe this approach will deliver better returns over the long run than holding the same allocation mix with no adjustments for changing economic conditions.

The recommendation of a given investment strategy is heavily dependent on the information provided to SoFi Wealth during the risk profile component of the account opening and during subsequent client update requests, which are transmitted to all clients annually. A client may also log in to their account at any time and provide updated information. If inaccurate information is provided or if a client fails to respond to update requests, the quality and reliability of advice could be materially impacted.

There may be certain factors or variables which have not been included in the Goals, Risk and Objectives Exercise, some of the questions are over-generalized, ambiguous or designed to fit a pre-determined option and consequently the output may not be right for all of a client's needs or goals. SoFi Wealth recommends investment strategies based on risk assumptions that are correlated primarily to the age of the investor and does not consider assets or objectives outside of the stated client goal. The limitations of such an algorithm should be considered in the evaluation of services provided by the Firm. The algorithm utilized does not take into account all market factors, your specific tax situation, political risk, or currency risk. Once they have confirmed an investment strategy, they open an account, fund it electronically, and SoFi Wealth implements their plan by investing in the strategy.

Portfolios are automatically rebalanced according to drift-based rules. This rebalancing could result in capital gains for some clients. The Investment Committee may alter the mix of a given investment strategy from time to time, either by altering the percentages of existing ETFs or replacing one or more ETFs in the portfolio. SoFi Wealth will continue to select the underlying ETFs that represent the broad asset allocation determined by these strategies. ETFs recommended to clients include ETFs for which SoFi is the sponsor, which means SoFi has the potential to earn revenue from the selection if the underlying funds generate revenue. When selecting ETFs for which SoFi is the sponsor to recommend to clients, SoFi Wealth has a conflict of interest. Although the ETFs for which SoFi is the sponsor currently waive any management fees to SoFi, at some point in the future those fee waivers may end, and if so, SoFi would earn revenue from those ETFs. ETFs for which SoFi is the sponsor currently are less liquid and have a shorter track record than some alternative ETFs not sponsored by SoFi. The rebalancing algorithms described above and/or a zero-neutral allocation to cash might rebalance client accounts without regard to market conditions and on a more frequent basis than a client might expect.

## Investment Strategies

- **Aggressive** – Investors with an aggressive risk tolerance focus on maximizing returns, believing that getting the greatest long-term return is more important than limiting short-term market fluctuations. They should expect large movements, both up and down, in the value of their portfolio. This strategy has the greatest potential to generate gains over time, but it also comes with the most risk and there may be periods where significant portfolio losses occur. The proportion of stocks in the portfolio may reach 100%.
- **Moderately Aggressive** – Investors with a moderately aggressive risk tolerance focus on maximizing returns but want a small portion of their portfolio invested in bonds to limit the full effects of stock market movements. However, they should still expect large movements, both up and down, in the value of their portfolio given the large allocation to stocks. Stocks will compose 70-90% of the portfolio, with the remainder invested in bonds.
- **Moderate** – Investors with a moderate risk tolerance balance potential risk with potential reward. They are not seeking the highest return possible and will accept lower returns to reduce large fluctuations in the value of their portfolio. With an allocation of 50-70% in stocks, this portfolio is not immune to stock market drawdowns and still comes with considerable risk of losing money. However, a 30-50% allocation to bonds should prevent the investor from suffering the full effects of a stock market sell-off.
- **Moderately Conservative** – Investors with a moderately conservative risk tolerance focus more on reducing risk than on portfolio gains, although they are usually comfortable with some degree of market fluctuation and wish to have a portion of their portfolio invested in the stock market to increase expected future returns. Stocks still comprise 20-40% of this portfolio, so there may be periods where the portfolio suffers a loss of value. An allocation of 60-80% to bonds should limit the effects of a stock market sell-off but will not entirely.
- **Conservative** – Investors with a conservative risk tolerance wish to avoid large drawdowns that can typically arise from investing in the stock market. These investors are more concerned with limiting their downside risk and, to achieve that goal, are comfortable not achieving the potentially higher returns of the stock market. They are focused on generating consistent returns over time and avoiding large losses. The proportion of bonds in the portfolio may reach 100%.

The asset allocations in these target portfolios and the specific securities used to implement them may change from time to time. SoFi Wealth maintains allocations within qualified accounts that are distinct from non-qualified accounts to account for the tax treatment of such assets. Expected Returns are decomposed into dividend/interest and capital gains. Assumed tax rates, which are applied on an asset specific basis, are applied to each portion in order to get to an approximate after-tax return. Taxable account strategies are optimized using these after-tax returns. SoFi Wealth's tax assumptions are designed to be generally applicable but may not necessarily be appropriate for each individual's

circumstances. Nontaxable accounts, however, are optimized under the pretax return and thus results in a different asset allocation than a taxable account of the same risk.

The performance benchmark for our investment strategies is a blended benchmark of the MSCI All Country World Index (ACWI) and the Bloomberg Barclays US Aggregate Index, blended to meet the approximate expected stock and bond exposure levels of each investment strategy, though these exposure levels may not exactly equal that of the blended benchmark.

## **Risk of Loss**

The SoFi Wealth investment program entails risk, including the risk of a total loss of principal. There can be no assurance that the investment objective of the portfolios will be achieved and that investors will not incur losses. When investing in securities, clients may be subject to numerous risks including those that arise as a result of changes in general economic and market conditions, such as interest rates, availability of credit, inflation rates, and economic uncertainty. While the use of diversified investment vehicles, such as exchange traded funds (ETFs), reduces the risk of investing in individual securities, it cannot completely eliminate this risk. These ETFs invest in individual stocks and bonds that are subject to the risks that include industry conditions, laws, governmental regulation, competition, technological developments, and national and international political circumstances. It is possible that these portfolios will lose money. The shorter the holding period one considers, the greater the probability of a loss over that given holding period.

There are other risks an investor should consider, including, but not limited to: credit risk, legislative risk, tax risk, and emerging markets risk. SoFi Wealth makes no guarantee of an investor's internet provider to access the website. Further, as SoFi Wealth delivers its services entirely through its online platform there is a risk that the software may not perform as designed.

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **Social Finance, Inc.**

SoFi Wealth is owned by Social Finance, Inc., which is commonly known as and referred to in this ADV as "SoFi." SoFi was formed with the intention to be a new kind of finance company. It is our goal to take a radical approach to lending and wealth management. We strive to develop innovative products and tools for faster service and open conversations. Whether our members are looking to buy a home, save money on student loans, or invest in their future, SoFi seeks to provide useful tools, products, and services.

Social Finance, Inc. is the sponsor of an ETF fund family (currently constituting 4 funds which have been filed with the SEC) in partnership with Toroso Investments, LLC (ETF Advisor) and Tidal ETF services, and has a direct economic interest in these funds.

The ETF Advisor serves as investment adviser to the funds and has overall responsibility for the general management and administration of the funds. The ETF Advisor also arranges for sub-advisory, transfer agency, custody, fund administration, and all other related services necessary for the funds to operate. The ETF Advisor has entered into an Agreement with Social Finance, Inc., under which Social Finance, Inc. pays many expenses of the funds. Although Social Finance, Inc. has agreed to be responsible for expenses, the ETF Advisor retains the ultimate obligation to the funds to pay such expenses. Social Finance, Inc. will also provide marketing support for the funds, including hosting the funds website and preparing marketing materials related to the funds. For these services and payments, Social Finance, Inc. is entitled to a fee based on the total management fee earned by the ETF Advisor under the Advisory Agreement less certain expenses and start-up costs. Social Finance, Inc. does not make investment decisions, provide investment advice, or otherwise act in the capacity of an investment adviser to the funds.

The Social Finance, Inc. funds are included in SoFi Wealth portfolios and marketed directly to SoFi Wealth clients. SoFi Wealth does not make investment decisions, provide investment advice, or otherwise act in the capacity of an investment adviser to the funds.

## **Affiliations**

Social Finance, Inc. owns or holds investments in multiple operating companies in addition to SoFi Wealth that offer financial services. Firms affiliated with SoFi Wealth include, but are not limited to: SoFi Securities LLC, a registered broker-dealer; SoFi Capital Advisors LLC, an exempt reporting investment adviser, SoFi Digital Assets, LLC, SoFi Lending Corp., a non-bank consumer lending company, SoFi Credit Corp., LLC, and SoFi Insurance Holding Corp.

SoFi Wealth may deliver to its clients information about and advertisements for products and services offered by its affiliates.

Several of the affiliated companies have activities that could potentially create interests for SoFi Wealth that conflict with a client's interests.

## **SoFi Securities, LLC**

SoFi Wealth is under common ownership with the full-service, introducing broker/dealer, SoFi Securities LLC, used for all SoFi Wealth managed accounts. SoFi Securities LLC is a member of FINRA and SIPC. SoFi Wealth and SoFi Securities LLC share office space, personnel, and resources. Many of the SoFi Wealth advisory personnel are also registered representatives with SoFi Securities LLC. SoFi Securities LLC also provides no commission brokerage services to customers under the SoFi Invest umbrella, called "Active Investing". SoFi Wealth clients may be marketed this service and may choose to participate; however, it would be under a separate, direct agreement with SoFi Securities, LLC and in a separate SoFi Securities, LLC account (and only incidental to their SoFi Wealth activities). All brokerage

services provided by SoFi Securities LLC within the scope of SoFi Wealth activities are for the Asset Management Services outlined in Item 4 of this brochure.

### **SoFi Lending Corp.**

SoFi Lending Corp. is a non-bank, consumer lending company providing student loans, real estate-secured mortgage loans, personal loans, and consumer credit services to the general public. If you obtain a SoFi Lending loan or other service, SoFi Wealth as an affiliate of SoFi Lending would earn revenue. SoFi Wealth's affiliation with SoFi Lending Corp. can create interests for SoFi Wealth that could potentially conflict with a client's interests. You are not required to use any SoFi Lending products or services to obtain SoFi Wealth services.

### **SoFi Credit, LLC**

SoFi Credit, LLC provides credit card services to cardholders. If you obtain a SoFi Credit card or other service, SoFi Wealth as an affiliate of SoFi Credit would earn revenue. SoFi Wealth's affiliation with SoFi Credit can create interests for SoFi Wealth that could potentially conflict with a client's interests. You are not required to use any SoFi Credit products or services to obtain SoFi Wealth services.

### **Social Digital Assets, LLC**

SoFi Wealth clients may be marketed the opportunity to invest in cryptocurrencies through SoFi Digital Assets, LLC, which also sits under the umbrella of SoFi Invest. SoFi Wealth will not offer investment advice nor recommendations with respect to cryptocurrencies.

Additional information about SoFi Wealth's structure and directors is provided on Part 1 of SoFi Wealth's Form ADV which is available online at <http://www.adviserinfo.sec.gov>.

SoFi Wealth does not recommend or select other investment advisors for clients.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

SoFi Wealth has adopted a Code of Ethics expressing its commitment to ethical conduct to comply with applicable securities laws including those relating to employees' personal trading, insider trading and anti-money laundering. SoFi Wealth's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth SoFi Wealth's practice of supervising the personal securities transactions of employees. Individuals associated with SoFi Wealth may buy or sell securities for their personal accounts identical to or different from those recommended to clients of the advisor.

Associated persons may buy or sell specific securities for their own accounts that are not purchased or sold for Clients. SoFi Wealth monitors the securities transactions of all associated persons and investigates any unusual patterns that it detects. Neither SoFi Wealth nor any of its associated persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.



To avoid a conflict of interest between SoFi Wealth and its clients, SoFi Wealth prohibits principal securities transactions between SoFi Wealth and any advisory client without first obtaining the prior written approval of the Chief Compliance Officer and the written consent of the client. SoFi Wealth will also not cross trades between client accounts. SoFi Wealth will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

Affiliates of the Investment Advisor may provide other services to investors and may receive fees from the investors in such capacities. Other present and future activities of the SoFi Wealth and other Affiliates of SoFi Wealth may give rise to additional conflicts of interest. Notwithstanding such conflicts, SoFi Wealth understands that it is a fiduciary to the investors and is committed to implement the obligations stated in its Code of Ethics.

## **Item 12: Brokerage Practices**

SoFi Wealth clients who purchase securities through the SoFi Wealth platform are required to utilize the brokerage services of our affiliate, SoFi Securities, a member of FINRA and SIPC, which acts as an introducing broker-dealer (or agent for custody) in effecting securities transactions for Clients' Accounts in which Apex Clearing provides trade execution and clearing services. Apex Clearing is broker-dealer, member FINRA and SIPC.

Not all investment adviser firms require the use of a particular broker/dealer. However, for operational and compliance purposes, we have made the decision to provide all asset management services through one brokerage, custodial platform. You are not required or obligated to utilize our services and therefore you are not required or obligated to open an account with SoFi Securities and Apex Clearing. However, if you do not want to use SoFi Securities or Apex Clearing, we are unable to provide our asset management services.

SoFi Wealth seeks the best overall execution of transactions for Client Accounts consistent with its judgment as to the business qualifications of the various brokers through which SoFi Wealth accounts are available. SoFi Wealth obtains information as to the general level of commission rates being charged by the brokerage community from time to time and will periodically evaluate the overall reasonableness of brokerage commissions paid on Client transactions by reference to such data to ensure competitive commission rates. "Best execution" means the best overall qualitative execution, not necessarily the lowest possible commission cost. Accordingly, the factors that SoFi Wealth considers when selecting or recommending Brokers are matters that directly benefit Client Accounts, and consistent with obtaining the best execution of their transactions. These factors include: execution capability and available liquidity; timing and size of particular orders; commission rates; responsiveness; trading experience; reputation, integrity and fairness in resolving disputes; quality of their application programming interfaces and technology; and other factors.

Social Finance, Inc. owns a minority ownership interest in Apex Clearing. As an affiliated company of Social Finance, Inc., SoFi Wealth could receive economic benefits from Apex Clearing. SoFi Wealth's interest in generating transactions and other business for Apex Clearing could conflict with a client's interests.

SoFi Securities earns revenue from lending securities and cash, via a sweep mechanism, in client accounts. Apex Clearing may also have paid for business consulting and professional services received by SoFi Wealth's related persons. Some of the products and services made available by Apex Clearing through the program may benefit SoFi Wealth but may not benefit its Client accounts. These products or services may assist SoFi Wealth in managing and administering Client accounts, including accounts not maintained at Apex Clearing.

Other services made available by Apex Clearing are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Apex Clearing. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a conflict of interest and may indirectly influence the Advisor's choice of Apex Clearing for custody and brokerage services.

SoFi Wealth aggregates orders for a Client's Account with orders of other Clients. SoFi Wealth may aggregate securities sale and purchase orders for a Client with similar orders being made contemporaneously for other Client Accounts. In such event, the average price of the securities purchased or sold in such a transaction may be determined and a Client may be charged or credited, as the case may be, the average transaction price. As a result, however, the price may be less favorable to the Client than it would be if similar transactions were not being executed concurrently for other Accounts.

## **Item 13: Review of Accounts**

Portfolios are monitored regularly using software that tracks portfolio drift from neutral allocations and cash holdings. Drift is managed as a percentage deviation above and below the neutral allocation, known as tolerance band. When a tolerance band is breached or cash exceeds a maximum threshold, the portfolio is rebalanced to neutral. Investment Committee personnel oversee algorithms and respond to identified exceptions, but each client's account may not be regularly reviewed by such personnel. SoFi Wealth provides quarterly statements on client accounts that show account balances, account activity and profits (losses) of the accounts. These statements are delivered electronically and are made available through the SoFi Wealth website. Statements may be mailed to clients, at their request, for an additional fee.

SoFi Wealth reviews each Client's Account when it is opened, and continuously monitors and periodically rebalances each Client's portfolio to seek to maintain a Client's targeted risk tolerance and optimal return for the Client's risk level. SoFi Wealth also conducts reviews when material changes may have occurred to a Client's portfolio or investment objectives. On a not less than annual basis, SoFi Wealth contacts each Client to remind them to review and update the profile information they previously provided. Portfolio management, investment selection, and ongoing governance will be provided by an investment committee consisting of John Gardner CFA®, Business Unit Leader of Invest, Advice, & Protect, William Tanona, Senior Vice President, Corporate Development and Treasury and Linda H Zhang, Ph.D, who is the CEO and the founder of Purview Investments.

## Item 14: Client Referrals and Other Compensation

SoFi Wealth advertises to attract Clients to establish advisory relationships and maintains agreements with other companies to promote SoFi Wealth to prospective and potential clients. SoFi Wealth maintains marketing services agreements with various companies to promote SoFi Wealth to their customers or website users. SoFi Wealth promotions may appear on social media and other websites, sites that host articles about investment products and services (including products and services of SoFi Wealth corporate affiliates disclosed in Item 10), and other firms with customers or users SoFi Wealth believes might be interested in our services. SoFi Wealth promotions include links to SoFi Wealth.

Promotions offered by such companies may include SoFi offering prospective clients benefits such as reduced advisory fees, additional advisory services, or branded promotional items of nominal value (shirts, hats, etc.) for becoming Clients.

SoFi Wealth pays marketing services fees to companies that promote SoFi Wealth. The fee is often paid based upon the number of customers who reach SoFi through the marketing services and register to become SoFi Wealth clients. SoFi may also pay marketing services fees on a per impression basis. In some cases, SoFi Wealth's fee will be paid only if the client opens an account with a certain amount of investment.

SoFi maintains on its website a disclosure explaining that marketing fees are paid to other websites and other companies for presenting SoFi Wealth promotions and links to SoFi Wealth.

A company or firm that is paid to promote SoFi Wealth may have a financial interest in encouraging customers to become clients of SoFi Wealth, which could create a conflict of interest for the firm.

Referral and solicitation programs are operated in compliance with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, to the extent required by applicable law.

## Item 15: Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

SoFi Wealth is deemed to have custody of client funds and securities whenever SoFi Wealth is given the authority to have fees deducted directly from client accounts. This is the only form of custody

SoFi Wealth will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody. SoFi Wealth provides instructions to SoFi Securities regarding the investment of the Client's assets. Advisory client assets are held by Apex Clearing, a member of FINRA and SIPC. SoFi Wealth, LLC electronically sends notifications that monthly or quarterly brokerage and custodial statements produced by Apex Clearing are available on its website to clients on an ongoing

basis along with electronic transaction confirmations. These statements and confirmations may be delivered via mail for an additional fee at the client's request. These statements should be carefully reviewed by clients. SoFi Wealth encourages its clients to carefully compare reports and data provided by SoFi Wealth on its website to custodial and brokerage statements issued by Apex Clearing or other custodians.

## **Item 16: Investment Discretion**

When providing asset management services, SoFi Wealth requires discretionary authority over your account. You must designate SoFi Wealth with discretionary authority in our written Advisory Agreement. This provides SoFi Wealth authority to select investments for your account(s) without obtaining your consent for each transaction.

Investors can select the recommended investment strategy or a different investment strategy that they choose. If investors select a strategy other than the recommended strategy, an electronic confirmation will be sent to the investor. Investors do not approve rebalancing and asset allocation executions.

SoFi Wealth requires that a Customer Agreement be completed by a Client who decides to use the SoFi Wealth website including use of automated advisory tools, and an additional Advisory Agreement to retain SoFi Wealth as investment advisor and to provide SoFi Wealth discretionary trading and investment authority over the Client's assets held with the Broker and Apex Clearing.

## **Item 17: Voting Client Securities**

SoFi Wealth does not vote on proxy statements issued by the securities held in client portfolios. Proxies will be forwarded directly to clients' mailing addresses by Apex Clearing.

## **Item 18      Financial Information**

This Item is not applicable because SoFi Wealth does not require or solicit the prepayment of advisory fees and does not have any adverse financial condition that is reasonably likely to impair our ability to continuously meet our contractual commitments to our clients