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Form ADV Part 2A
Wealthfront Advisers
Client Brochure

December 19, 2023

Item 1 Cover Page

This brochure ("Brochure") provides information about the qualifications and business practices of Wealthfront Advisers LLC ("Wealthfront Advisers"), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Registration does not imply a certain level of skill or training but only indicates that Wealthfront Advisers has registered its business with state and federal regulatory authorities, including the SEC (our SEC number is 801-69766). The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

If you have any questions about the contents of this Brochure, please contact us at [844-995-8437](tel:844-995-8437) or support@wealthfront.com. Additional information about Wealthfront Advisers is also available on the SEC's website at www.adviserinfo.sec.gov and on Wealthfront Advisers' website, www.wealthfront.com (the "Site").

Item 2 Material Changes

Since the last annual updating amendment to Wealthfront Advisers' Form ADV Part 2 brochure on October 27, 2023, there were no material updates to this Brochure.

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Item 4 Advisory Business

A. General Description of the Company

Wealthfront Advisers is an automated investment adviser registered with the SEC. Wealthfront Advisers provides clients with software-based investment advisory and portfolio management services through the Wealthfront Advisers Program (see also the attached Wealthfront Advisers Program Brochure). This Program, launched in December 2011, is made available via brokerage accounts that all clients open at Wealthfront Brokerage LLC (“Wealthfront Brokerage”), a member of Financial Industry Regulatory Authority (“FINRA”). Wealthfront Advisers became the successor investment adviser to Wealthfront Inc. effective August 1, 2018. On the same date, Wealthfront Inc. changed its name to Wealthfront Corporation. Software-based financial planning tools and services (as described further in Item 4.B below) are provided by Wealthfront Software LLC (“Wealthfront Software”). Since February 2019, Wealthfront Brokerage has offered a cash account to Clients (the “Wealthfront Cash Account”), where Wealthfront Brokerage conveys uninvested cash account funds to depository institutions that accept and maintain such deposits (“partner banks”). Neither Wealthfront Brokerage nor its affiliates are a bank. The cash balance in a Client’s Wealthfront Cash Account is swept to one or more partner banks, where it earns a variable rate of interest and is eligible for Federal Deposit Insurance Corporation (“FDIC”) insurance while such cash balance awaits investments. FDIC insurance is not provided, and interest is not earned, until the funds arrive at the partner banks. In addition, Wealthfront Brokerage offers a margin lending product called Portfolio Line of Credit (“PLOC”), which is offered to Clients who meet the required minimum balance in a taxable investment account advised by Wealthfront Advisers, in addition to other minimum account thresholds. Wealthfront Brokerage charges interest on the funds borrowed under a PLOC for the time that the loan is outstanding although it is not due until the loan is repaid. Wealthfront Advisers, Wealthfront Brokerage, and Wealthfront Software are wholly owned subsidiaries of Wealthfront Corporation, which is a privately held company headquartered in Palo Alto, California. As of November 25, 2023, Wealthfront Corporation oversaw, through its wholly owned subsidiaries Wealthfront Advisers and Wealthfront Brokerage, approximately 52.13 billion in assets for 1,090,250 clients. Additional information about Wealthfront Advisers’ products, structure and directors is provided on Part 1 of Wealthfront Advisers’ Form ADV which is available online at www.adviserinfo.sec.gov or at www.wealthfront.com. We encourage visiting our website www.wealthfront.com for additional information.

B. Summary of Investment Advisory Services

Wealthfront Advisers offers an automated investment advisory service that makes it possible for anyone who enters into a Wealthfront Advisers Advisory Client Agreement (the “Advisory Client Agreement”), to access state-of-the-art investment advisory and portfolio management services. As provided in separate Advisory Client Agreements, advisory clients (“Clients”) grant Wealthfront Advisers either (1) full discretionary authority to manage Client assets; or (2) limited discretionary authority regarding time, price, number of securities, and units or dollar amounts in such securities, while Client retains general investment discretion regarding the specific securities to buy or sell in an Account. Client accounts (“Client Accounts” or “Accounts”) are opened and maintained at Wealthfront Brokerage (and in the case of the 529 college savings plan, the sponsoring state trust fund account) pursuant to the Wealthfront Brokerage Customer Brokerage and Custody Agreement (the “Brokerage Agreement”).

Automated Investing Accounts

Wealthfront Advisers manages certain Client Accounts on a fully discretionary basis (“Automated Investing Accounts”). This means that Wealthfront Advisers is authorized to trade our Clients’ exchange-traded funds (“ETFs”) or other investments in Automated Investing Accounts to maintain the Client’s target investment allocation. Wealthfront Advisers utilizes software to conduct this trading to invest Client assets, fund Client withdrawals, perform rebalancing to maintain target portfolio allocations, and execute tax-loss harvesting strategies where appropriate. Clients may open an Automated Investing Account that is either: (1) an individualized taxable account or an individual retirement account (“IRA”) that allows Clients to choose between portfolios we recommend and the ability to customize certain of our recommendations; or (2) 529 college savings account (which consists of an account with the sponsoring state trust fund and a related brokerage account at Wealthfront Brokerage) (“529 Account”). Our Automated Investing Accounts are diversified, automated portfolios designed to maximize returns for Clients’ individual risk tolerances and other preferences.

Wealthfront Advisers creates an investment plan and manages a Client’s taxable or IRA portfolio by identifying: 1) optimal asset classes in which to invest, 2) efficient ETFs or other investments to represent each of those asset classes, and 3) an ideal mix of asset classes based on the Client’s specific risk tolerance. Clients may also choose to customize our recommendations and make adjustments to our recommended investment allocations, increasing or decreasing the target percentage of a particular ETF or investment. Clients can also choose from a list of additional ETFs or other investments and request specific allocations to each.

For 529 Accounts, Wealthfront Advisers constructs an individual portfolio based on the Client’s individual risk tolerances that uses up to nine of the 529 plan’s separate municipal fund securities (each a “MFS”), of which each MFS contains a single underlying ETF. Using the Client’s risk score, Wealthfront Advisers assigns the Client’s individual portfolio to one out of 20 glide paths, each of which determines how the Client’s individual portfolio’s allocations of designated portfolios will change over time. Each glide path gradually shifts the asset allocations of the MFSs in the Client’s individual portfolio to progressively decreasing levels of expected risk as the beneficiary’s expected matriculation date approaches. The Client’s starting point along the specific glide path is determined by the beneficiary’s expected time to matriculation. We do not support Client-customized portfolio allocations for 529 Accounts.

For taxable Automated Investing Accounts, Wealthfront Advisers offers tax-loss harvesting (“TLH”) strategies. TLH is a technique designed to help lower your taxes while maintaining the expected risk and return profile of your portfolio. TLH harvests previously unrecognized investment losses to offset taxes due on your other gains and income by selling a security at a loss to accelerate the realization of capital loss and investing the proceeds in a security with closely correlated risk and return characteristics. The realized loss can be applied to lower your tax liability and the tax savings can be reinvested to grow the value of your portfolio. Wealthfront Advisers’ basic TLH strategy harvests tax losses on a Client’s ETFs by selling an ETF at a loss and replacing it with an alternative ETF that tracks a different, but highly correlated index to maintain the risk and return characteristics of the Client’s portfolio.

Wealthfront Advisers also offers more advanced versions of TLH strategies—available to Clients with larger account sizes—that involve allocating a portion of the Client’s portfolio to a range of individual US stocks, which increases the Client’s opportunity to harvest tax losses.

Clients with taxable accounts that have between \$100,000 and \$500,000 in assets can choose our US Direct Indexing service as an enhanced form of TLH that looks for movements in individual stocks to harvest more tax losses. Instead of using a single ETF or index fund to invest in US stocks, US Direct Indexing purchases the largest individual stocks in the US equity market (the number of such individual stocks purchased depends on account size) on a market-weighted basis to increase the opportunity for tax-loss harvesting presented by the movement of individual stocks. Clients with taxable Automated Investing Accounts that have at least \$500,000 qualify for our no-fee Smart Beta service, which serves as an enhancement to our US Direct Indexing service. As noted in Item 7.3, Clients who signed up for our US Direct Indexing service may specify US stocks they choose to restrict but may not customize the portfolio allocations in those accounts.

Automated Bond Portfolios

Clients may open an “Automated Bond Portfolio,” which is personalized to a Client’s individual tax situation, based on their state of residence and stated, taxable income. The Automated Bond Portfolio is managed on a fully discretionary basis and includes a diversified mix of bond ETFs. Wealthfront Advisers utilizes software to invest Client funds and dividends, fund Client withdrawals, perform rebalancing to maintain target portfolio allocations, and execute tax-loss harvesting strategies where appropriate.

Stock Investing Accounts

Clients may also open a “Stock Investing Account,” which is a taxable account that allows Clients to invest in certain exchange-traded securities, including stocks. In a Stock Investing Account, Clients grant Wealthfront Advisers limited discretion, with Wealthfront Advisers exercising discretion over the specifics of the transaction, including the time, price, number of shares, and units or dollar amounts in the transaction. The Client retains general investment discretion over other matters, including the ultimate decision as to which securities to include in the account. Upon opening a Stock Investing Account, Clients who do not have an active Wealthfront Cash Account must open a separate Wealthfront Cash Account.

Automated Savings

In addition to investment advisory and portfolio management services, Wealthfront Advisers offers a service called Automated Savings to Clients, free of charge. Clients may opt into this service and can stop or restart its use at any time at no cost to them. With Automated Savings, Wealthfront Advisers monitors a Client’s checking account or Wealthfront Cash Account for excess cash over the maximum balance set by the Client. If the monitored account has exceeded the Client’s prescribed maximum balance by at least \$100, Wealthfront Advisers will schedule transfers of the excess cash from the monitored account to one or more of the Client’s Wealthfront accounts of choice. The Client will receive an email notification when these transfers have been scheduled and will have 24 hours to cancel the transfers before they occur.

Financial Planning Through Software

In addition to investment advisory and portfolio management services, Wealthfront Advisers, through its affiliate Wealthfront Software, provides certain software-based financial planning tools and services (the “Financial Planning Service”) to its Clients. The Financial Planning

Service is a product offered by Wealthfront Software and is made available to Wealthfront Advisers' Clients free of charge through a contractual arrangement between Wealthfront Advisers and Wealthfront Software. The Financial Planning Service allows Clients to explore potential future financial scenarios, including retirement, college funding and purchasing a home, and provide recommendations for reaching their financial goals. The Financial Planning Service allows Clients to link their external financial accounts, including bank, brokerage, retirement, college savings, loan and credit card accounts and mortgages, in order to eliminate the need for the traditional financial planner interview that is usually required to acquire the necessary inputs to build a financial plan.

Wealthfront Advisers and Wealthfront Software do not represent that the Financial Planning Service is meant to replace a comprehensive evaluation of a Client's entire financial plan considering all the Client's circumstances. Should a Client choose to implement any recommendation made by the Financial Planning Service, the Client should consult with their tax advisor regarding the Client's personal circumstances. Implementation of a financial plan recommendation is entirely at the Client's discretion, and currently information Clients enter into the financial planning model, or obtained by linking other accounts, does not automatically change their risk scores. Clients can only change their risk scores by changing their personal financial information through the Wealthfront Advisers' website (the "Site") and through the Wealthfront mobile application (the "App"). While the data from third parties used in the financial models of the Financial Planning Service is believed to be reliable, Wealthfront Advisers or Wealthfront Software cannot ensure the accuracy or completeness of data provided by clients or third parties.

C. Tailored Services and Investment Restrictions

Wealthfront Advisers tailors its software-based investment advisory service to the individual needs of each of its Clients, in accordance with the portfolio allocation chosen by Clients, and subject to certain account limitations that prospective investors should consider, as described further below and in Item 7. Wealthfront Advisers uses its software to determine an investor's risk tolerance. Wealthfront Advisers asks each prospective Client a series of questions to evaluate both the individual's objective capacity to take risk and subjective willingness to take risk. We ask subjective risk questions to determine both the level of risk an individual is willing to take and the consistency among the answers. For example, if an individual is willing to take a lot of risk in one case and very little in another, then the individual is deemed inconsistent and is therefore assigned a lower risk tolerance score than the simple weighted average of their answers. We ask objective questions to estimate with as few questions as possible whether an individual is likely to have enough money saved at retirement to afford their likely spending needs. The greater the excess income, the more risk the Client is able to take. As noted in Item 7.3, Clients who signed up for our US Direct Indexing service may specify US stocks they choose to restrict, but may not customize the portfolio allocations in those accounts. Customization is also not supported in our Automated Bond Portfolios offering.

Further, our Automated Investing Accounts and Automated Bond Portfolios are subject to Rule 3a-4 of the Investment Company Act of 1940. This means: (1) Wealthfront Advisers manages each Client's account based on the Client's individual financial situation and investment objectives, which information is obtained at account opening; (2) Wealthfront Advisers contacts Clients via email on a quarterly basis to request whether there have been any changes to the Client's financial situation or objectives; (3) as noted in Item 7.3, Clients may, at account opening or anytime thereafter, impose reasonable restrictions on how their Account is managed

by customizing our recommended portfolios or by updating their settings to restrict investments in certain US stocks, (4) Clients may contact Product Support team members (who are Wealthfront Advisers personnel who are knowledgeable about the Accounts and their management) to ask questions relating to their Account; (5) Clients receive monthly statements of all activity in their Account; and (6) Clients retain rights of ownership in the underlying securities in their accounts.

D. Wealthfront Advisers Program

Automated Investing and Automated Bond Portfolios

Client assets in these types of accounts are managed on a fully discretionary basis as part of the Wealthfront Advisers Program (see also the attached Wealthfront Advisers Program Brochure). As such, Automated Investing Accounts and Automated Bond Portfolios are professionally managed accounts in which all expenses, including brokerage commissions (if any), management fees, and administrative costs, are “wrapped” into a single charge (technically known as a “wrap account”). The Wealthfront Advisers Program provides Clients with Automated Investing Accounts with investment plans, portfolio management, and necessary brokerage services for one comprehensive fee based on a percentage of the Clients’ respective account assets. The Wealthfront Advisers Program provides Clients with Automated Bond Portfolios with portfolio management and necessary brokerage services for one comprehensive fee based on a percentage of the Clients’ respective account assets.

For Clients that use Wealthfront Advisers’ recommended portfolio allocation in Automated Investing Accounts, Wealthfront Advisers buys or sells securities consistent with a Client’s investment plan, which is designed to seek an investment return suitable for the goals and risk profile of each distinct Automated Investing Account. For Clients that use Wealthfront Advisers’ Automated Bond Portfolio, Wealthfront Advisers buys or sells securities consistent with a Client’s portfolio allocation, which is designed to seek yield and is personalized to the Client’s individual tax situation.

For Clients that customize our recommended portfolio allocation (not supported for Automated Bond Portfolios) in their IRA or taxable account, Wealthfront Advisers buys or sells securities consistent with a Client’s target portfolio allocation. Wealthfront Advisers determines when to buy or sell securities by reviewing each Client’s individual account and Client-provided data. This review includes a number of factors, including the type of account, goals, overall financial condition, income, assets, risk tolerance, Client instructions or preferences, state of residence and tax filing status, or other factors unique to the individual Client’s situation.. Wealthfront Advisers manages each of these accounts on an individualized basis.

Stock Investing Accounts

In Stock Investing Accounts, Clients grant Wealthfront Advisers limited discretion, with Wealthfront Advisers exercising discretion over the specifics of the transaction, including the time, price, number of shares, and units or dollar amounts in the transaction. The Client retains general investment discretion over other matters, including the ultimate decision as to which securities to include in the portfolio. The wrap account fee does not apply to Stock Investing Accounts. Instead, Wealthfront Brokerage pays Wealthfront Advisers a percentage of the net interest margin it earns on funds in Clients’ required Wealthfront Cash Accounts. As a result,

Clients pay no out of pocket advisory fees, nor does this reduce the rate of interest clients receive from cash maintained in their Wealthfront Cash Accounts. Proceeds from the sale of securities held in a Stock Investing Account are automatically swept to the Client's Wealthfront Cash Account.

E. Discretionary and Non-discretionary Assets

As of November 25, 2023, Wealthfront Advisers manages approximately \$26,253,306,694 in client assets on a fully discretionary basis. As of the same date, Wealthfront Advisers manages approximately \$139,453,438 in Client assets in Stock Investing Accounts on a limited discretionary basis. Because Clients retain general investment discretion in Stock Investing Accounts, we report Stock Investing Accounts as non-discretionary assets on Item 5.F.(2) of our [Form ADV Part 1](#).

Item 5 Fees and Compensation

A. Advisory Fees

Automated Investing and Automated Bond Portfolios

For Clients with Automated Investing Accounts and Automated Bond Portfolios, Wealthfront Advisers is compensated for its advisory services by charging an annual fee of 0.25% on the net market value of a Client's Account. In some cases, Clients can have a portion of their assets managed for free.

Wealthfront Advisers' fees are charged on a monthly basis and they are not charged in advance. Fees are charged utilizing the following calculation: Wealthfront Advisers calculates a daily advisory fee, which is equal to the fee rate multiplied by the net market value of the Client's Account as of the close of trading on the New York Stock Exchange ("NYSE") (herein, "close of markets") on such day, or as of the close of markets on the immediately preceding trading day for any day when the NYSE is closed, and then divided by 365 (or 366 in any leap year). The advisory fee for a calendar month is equal to the total of the daily fees calculated during that month (less any deductions or fee waivers) and is deducted from Automated Investing Accounts and Automated Bond Portfolios no later than the tenth business day of the following month.

For 529 Accounts, Wealthfront Advisers waives its investment advisory fees on the first \$25,000 it manages for Nevada residents who open a 529 Account, and this fee waiver applies to the aggregate of all of the Nevada residents' Wealthfront Advisers account assets. This advisory fee is separate from the fees and expenses of the MFSs in which a Client invests in the 529 Account, which include the fees and expenses of the ETFs underlying such securities, the fees of the 529 Account recordkeeper and the fees of the state trust that issues the MFSs ("Plan Administration Fees"). Plan Administration Fees may change without prior notice.

Stock Investing Accounts

Wealthfront Brokerage pays Wealthfront Advisers up to 10% of the net interest margin it earns on funds in clients' required Wealthfront Cash Accounts. As a result, clients pay no out of pocket advisory fees, nor does this reduce the rate of interest clients receive from cash maintained in

their Cash Accounts. Additional information about Wealthfront's Cash Accounts is available in the Cash Sweep Program Disclosure. Please see Item 4.D above for additional information on the advisory fee paid in relation to Stock Investing Accounts.

Fee Changes

Wealthfront Advisers reserves the right, in its sole discretion, to negotiate, reduce or waive the advisory fee for certain Client Accounts for any period of time determined solely by Wealthfront Advisers. In addition, Wealthfront Advisers may reduce or waive its fees for the Accounts of some Clients without notice to, or fee adjustment for, other Clients. For Clients who had opened accounts prior to April 1, 2018, Wealthfront Advisers waived its investment advisory fees for the first \$10,000 of assets in any Wealthfront Advisers investment advisory account(s). However, this benefit is no longer available for new Clients who opened their initial account on or after April 1, 2018.

Automated Savings

Wealthfront Advisers offers the free service Automated Savings as described above in Item 4.

Financial Planning Service

Through its affiliate Wealthfront Software, Wealthfront Advisers offers the Financial Planning Service, as described above in Item 4, to all Clients free of charge.

B. Other Account Fees

In addition to the advisory fees, Clients may also pay other fees or expenses to third parties, as well as to an affiliate of Wealthfront Advisers.

Additional Fees for Optional Brokerage Services

The fees discussed in this section are detailed in the Brokerage Agreement and summarized in this section for the Client's convenience. Wealthfront Brokerage charges \$10 per outgoing wire transfers from a Wealthfront Cash Account. This charge is not collected until the Client has initiated the wire transfer. There are no charges for incoming wire transfers. Currently, outgoing wire transfers are not supported for Investment Accounts.

Other Product Fees

The issuers of certain investments we purchase for Clients (such as ETFs, investment trusts, or other investments) may charge Clients separate product fees. Wealthfront Advisers does not charge these product fees to Clients, nor does it benefit directly or indirectly from any such fees. Product fees typically include embedded fund expenses that may reduce an investment fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Fund expenses may include management fees, custodian fees, brokerage commissions, and legal and accounting fees. Fund expenses may change from time to time at the sole discretion of the fund issuer. Wealthfront Advisers discloses current information for the investments we purchase for Clients, including product fees, on the Site. Investments in Wealthfront's Risk Parity Fund (the "Risk Parity Fund")

are subject to such a product fee. The Risk Parity Fund is managed by Wealthfront Strategies LLC (“Wealthfront Strategies”), an SEC-registered investment adviser and an affiliate of Wealthfront Advisers. Additional information regarding the Risk Parity Fund and related fees and expenses can be found on the Site. In addition, Clients who use the PLOC offered by Wealthfront Brokerage to obtain a loan secured by the assets of their taxable Accounts will be charged interest on the outstanding balance.

Item 6 Performance-Based Fees and Side--by--Side Management

Wealthfront Advisers does not charge performance-based fees. Clients are only charged an annual advisory fee as disclosed in Item 5 above.

Item 7 Types of Clients

The minimum amount required to open and maintain an Automated Investing Account or an Automated Bond Portfolio with Wealthfront Advisers is \$500. Clients with Stock Investing Accounts must maintain an active Wealthfront Cash Account.

As a result of the automation associated with offering its services online, Wealthfront Advisers makes it possible for retail investors, as well as retirement accounts and trusts, to access its service with much lower account minimums than normally available in the industry. Clients have access to their Accounts through the Site. Additional requirements for opening an Account with Wealthfront Advisers are described in Item 4 above.

At any time, a Client may terminate an Account, make partial or full withdrawals from an Account (provided an Automated Investing Account or Automated Bond Portfolio balance does not fall below the account minimum of \$500), update their investment profile, or customize our recommended allocation, including adding or removing specific ETFs or other investments from their designated allocation. These actions may initiate an adjustment in the Account’s holdings. In such cases, unless otherwise directed by the Client, for example, in a Stock Investing Account, Wealthfront Advisers will sell the securities in the Account (or portion of the Account, in the case of a partial withdrawal or update) at market prices in a reasonable and timely manner. However, Wealthfront Advisers does not represent or guarantee that Wealthfront Advisers will respond to any such Client actions or requests immediately or in accordance with a set time schedule. See Item 16 for a description of Wealthfront Advisers’ discretionary investment authority, including the timing of Wealthfront Advisers’ placement of Client trade orders.

Investors evaluating Wealthfront Advisers’ software-based investment advisory service should be aware that Wealthfront Advisers’ relationship with Clients is likely to be different from the “traditional” investment advisory relationship in several aspects:

1. Wealthfront Advisers is a software-based investment adviser which means each Client must acknowledge their ability and willingness to conduct their relationship with Wealthfront Advisers on an electronic basis. Under the terms of the Advisory Client Agreement and the Brokerage Agreement, each Client agrees to receive all Account information and Account documents (including this Client Brochure and the Wealthfront Advisers Program Brochure), and any updates or changes to same, through their access to

the Site and Wealthfront Advisers' electronic communications. Unless noted otherwise on the Site or within this Brochure, Wealthfront Advisers' investment advisory service, Wealthfront Brokerage's brokerage services, the signature for the Advisory Client Agreement and the Brokerage Agreement, and all documentation related to the advisory services are managed electronically. Wealthfront Advisers does make individual representatives available to discuss servicing matters with Clients.

2. To provide its investment advisory services and tailor its investment recommendations to each Client's specific needs, Wealthfront Advisers collects information from each Client, including specific information about their investing profile such as financial situation, investment experience, and investment objectives. Wealthfront Advisers maintains this information in strict confidence subject to its Privacy Policy, which is provided on the Site. Although Wealthfront Advisers contacts its Clients periodically as described further in Item 13 below, a Client must promptly notify Wealthfront Advisers of any change in their financial situation or investment objectives that might require a review or revision of their portfolio.
3. Clients with Automated Investing Accounts can choose a portfolio Wealthfront Advisers recommends, which includes allocations to preselected ETFs or customize our recommended portfolios for their IRA or taxable accounts by increasing or decreasing portfolio allocations to the ETFs or investments in our recommended portfolio or by choosing from a list of available ETFs or other investments and requesting specific allocations to each. At account opening or anytime thereafter, Wealthfront Advisers allows Clients to update their settings to restrict Wealthfront Advisers from investing in the stocks of public companies designated by the Client. The Risk Parity Fund may also be included for taxable Automated Investing Accounts with a minimum account size of \$100,000 if the Client so chooses.
4. In Stock Investing Accounts, Clients may request that Wealthfront Advisers undertake certain transactions, including the purchase and sale of securities.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

A. Modern Portfolio Theory ("MPT")

For Automated Investing Accounts, Wealthfront Advisers offers three types of recommended, diversified, automated portfolios to clients with an IRA or taxable account: Classic portfolios, Socially Responsible portfolios, and Direct Indexing portfolios. Classic portfolios include allocations to preselected ETFs designed to provide a tradeoff between risk and long-term, after-tax, net-of-fee return through a diversified set of global asset classes. Socially Responsible portfolios are designed to offer similar risk-adjusted returns as our Classic portfolios with a focus on socially responsible investing ("SRI"). Although SRI does not have a single, agreed-upon definition, it may be described as an investment strategy that evaluates companies based on their benefit and/or detriment to society, rather than profits or intrinsic value alone. This concept comes from an ethical framework called "social responsibility," in which individuals and corporations have an obligation to cooperate with others to benefit greater society. Some investors may take up SRI strategies due to a long-term belief in its investment value, and others may decide to use this strategy purely due to ethics. Direct Indexing portfolios use our [US Direct](#)

[Indexing service](#) to replace the ETF that represents the US public equities asset class with individual securities that comprise up to 1,000 US stocks with the largest market capitalizations as a way of generating additional tax savings. Direct Indexing portfolios are available in taxable accounts that have between \$100,000 and \$500,000. As noted in Item 7.3, Clients' Direct Indexing portfolios may specify US stocks they choose to restrict but may not customize the portfolio allocations in those accounts.

The composition of Classic, Socially Responsible, and Direct Indexing portfolios are based on Modern Portfolio Theory ("MPT"). MPT attempts to maximize a portfolio's expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by selecting the proportions of various asset classes rather than selecting individual securities. Historically, rigorous MPT-based financial advice has been available primarily through certain high-end financial advisors. Wealthfront Advisers' goal is to enable anyone with at least \$500 to access the benefits of MPT.

Prior to the launch of the Wealthfront Advisers software-based investment advisory service, it was not practical to offer rigorous and complete MPT to everyone because delivering a complete solution was too complex. Specifically, the number of calculations required to identify an optimized asset allocation, the ideal securities to represent each asset class, and an individual's true risk tolerance are beyond the scope of free, web-based tools. The job becomes even more difficult when considering the importance of periodically rebalancing a portfolio to maintain a desired risk level.

To employ MPT properly, one must start with an accurate determination of an individual's objective and subjective tolerance for risk. Achieving accuracy requires sophisticated software applied to more detailed questions than are typically asked by advisers. Based on this risk analysis, Wealthfront Advisers seeks to create an individualized investment plan using the optimal asset classes in which to invest, the most efficient and inexpensive ETFs to represent each of those asset classes, and the ideal mix of asset classes based on the Client's specific risk tolerance. Wealthfront Advisers uses Mean Variance Optimization to rigorously evaluate every possible combination of the following twelve asset classes: US equities, foreign developed markets equities, emerging markets equities, dividend growth equities, real estate, natural resources, treasury inflation protected securities (TIPS), municipal bonds, corporate bonds, emerging markets bonds, risk parity and US government bonds. Mean Variance Optimization uses the expected return and volatility for each asset class and the covariance among asset classes to find the combination that delivers the highest possible return for any given standard deviation of a portfolio's returns. Wealthfront Advisers, however, must limit the number of asset classes for very small portfolios. Further, the risk parity asset class is only available to customized taxable Automated Investing Accounts with a minimum account size of \$100,000.

Wealthfront Advisers periodically reviews the entire population of more than 1,000 ETFs to identify the most appropriate ETFs to represent each asset class in our recommended portfolios. We look for ETFs that minimize cost and tracking error and offer market liquidity. Many investors do not realize that ETFs do not exactly track the indexes they were created to mimic. Choosing an ETF with a low expense ratio that does not track the asset class recommended by our service runs the risk of sub-optimizing a Client's portfolio's performance. We choose ETFs that are expected to have sufficient liquidity to allow Client withdrawals at any time. Finally, we select ETFs that have conservative and shareholder-friendly securities lending policies.

In addition to choosing what we believe to be the best ETFs at the time, we explain in white papers on our website why we chose each one. We provide a detailed analysis of how the selected ETF stacked up against the second and third best choice for each asset class on the dimensions described in the paragraph above.

Wealthfront Advisers continuously monitors our Clients' portfolios and periodically rebalances them back to the Clients' target mix in an effort to optimize returns for the intended level of risk. Wealthfront Advisers considers tax implications and the volatility associated with each of the chosen asset classes when deciding when and how to rebalance, however no assurance can be made by Wealthfront Advisers that Clients will not incur capital gains, and in certain instances significant capital gains, when Client portfolios are rebalanced periodically. Wealthfront Advisers assumes no responsibility to its Clients for any tax consequences of any transaction, including any capital gains that may result from the rebalancing of Automated Investing Accounts and Automated Bond Portfolios.

B. Long Term, Buy and Hold Investment Philosophy

For Automated Investing Account, Wealthfront Advisers adheres to a long-term, "buy-and-hold" investment philosophy. While Wealthfront Advisers reserves the right to act otherwise if it feels that it is in the best interests of its Clients, Wealthfront Advisers does not try to time the market and in general, Wealthfront Advisers intentionally does not react to market movements in managing Client Accounts other than through rebalancing and tax-loss harvesting for taxable Automated Investing Accounts. Wealthfront Advisers believes that numerous academic and industry studies show that "short-term fluctuations in markets, which loom so large to investors, have little to do with the long-term accumulation of wealth." J. Siegel, *Stocks for the Long Run* (1977).

C. Automated Bond Portfolios

Automated Bond Portfolios include allocations to preselected bond ETFs that, based on a Client's tax situation (income, state of residence, and tax filing status), are designed to maximize after-tax yields for Clients. As with Wealthfront's other portfolios, Wealthfront Advisers selects optimal ETFs to achieve the portfolio's strategy, and we explain in white papers on our website the analysis underlying our selections.

D. Tax-Loss Harvesting ("TLH")

TLH is a technique designed to help appropriately reduce a Client's taxes while maintaining the expected risk and return profile of the Client's portfolio. It harvests previously unrecognized investment losses to offset taxes due on the Client's other gains and income by selling a security at a loss to accelerate the realization of capital loss and investing the proceeds in a security with closely correlated risk and return characteristics. The realized loss can be applied to reduce the Client's tax liability and the tax savings can be reinvested to grow the value of the Client's portfolio. Wealthfront Advisers' basic TLH strategy, which is only applied to ETFs, is available to all Clients with a taxable Automated Investing Account. TLH is also available to Clients who customize our recommended Classic or Socially Responsible portfolios as long as their allocations include eligible ETFs. Eligible ETFs are those for which we have identified an alternative ETF that tracks a different, but closely correlated index to maintain the risk and return characteristics of the Client's portfolio. Advanced versions of TLH—such as Direct Indexing

portfolios and Smart Beta—are available for Clients with larger account sizes and are generally applied to individual stocks that comprise the domestic equity allocation in their taxable account portfolios.

E. Customized Portfolios

Wealthfront Advisers offers a wider selection of ETFs and other investments to Clients who choose to customize our Classic or Socially Responsible portfolios in their IRA or taxable account. These ETFs and other investments may represent additional asset classes beyond the ones used in our recommended portfolios, or narrower subsets of these asset classes, allowing a more precise expression of Client investment preferences. We select these additional investments based on their overall level of risk, liquidity, tracking error to underlying indices (where applicable), cost of ownership, and popularity.

F. Risk Considerations

Wealthfront Advisers cannot guarantee any level of performance or that any Client will avoid a loss of Account assets. Also, to the extent that Client requests investments other than as recommended by Wealthfront Advisers, Client understands and agrees that such investments may be inconsistent with the Client's investment profile. If Client has not provided sufficient, timely, or accurate information to Wealthfront Advisers, or if Client chooses not to follow Wealthfront Advisers' recommendations and advice, Client's investments may not achieve results consistent with Client's investment profile. **Any investment in securities involves the possibility of financial loss that Clients should be prepared to bear.**

When evaluating risk, financial loss may be viewed differently by each Client and may depend on many different risk items, each of which may affect the probability of adverse consequences and the magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective Client before retaining Wealthfront Advisers' services. These risks should be considered as possibilities, with additional regard to their actual probability of occurring and the effect on a Client if there is in fact an occurrence.

Market Risk – The price of any security or the value of an entire asset class can decline for a variety of reasons outside of Wealthfront Advisers' control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. If a Client has a high allocation in a particular asset class, it may negatively affect overall performance to the extent that the asset class underperforms relative to other market assets. Conversely, a low allocation to a particular asset class that outperforms other asset classes in a particular period will cause that Client Account to underperform relative to the overall market.

Advisory Risk – There is no guarantee that Wealthfront Advisers' judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. It is possible that Clients or Wealthfront Advisers itself may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to Wealthfront Advisers' software-based investment advisory service. Wealthfront Advisers and its representatives are not responsible to any Client for losses unless caused by Wealthfront

Advisers' breach of its fiduciary duty.

Software Risk – Wealthfront Advisers delivers its investment advisory services entirely through software. Consequently, Wealthfront Advisers rigorously designs, develops and tests its software extensively before putting such software into production with actual Client Accounts and assets and periodically monitors the behaviors of such software after its deployment. Notwithstanding this rigorous design, development, testing and monitoring, it is possible that such software may not always perform exactly as intended or as disclosed on the Site, mobile app, blogs or other Wealthfront Advisers disclosure documents, especially in certain combinations of unusual circumstances. For example, there may be occasions where a number of Client Accounts may not experience TLH (even if TLH had been activated for such accounts) or rebalancing back to the Client's target asset allocation for extended periods of time, due to certain errors in the deployment of the software. Wealthfront Advisers continuously strives to monitor, detect and correct any software that does not perform as expected or as disclosed.

Volatility and Correlation Risk – Wealthfront Advisers' Security selection process is based in part on a careful evaluation of past price performance and volatility to evaluate future probabilities. It is possible that different or unrelated asset classes may exhibit similar price changes in similar directions which may adversely affect a Client's account and may become more acute in times of market upheaval or high volatility. **Past performance is no guarantee of future results, and any historical returns, expected returns, or probability projections may not reflect actual future performance.**

Liquidity and Valuation Risk – High volatility and/or the lack of deep and active liquid markets for a security may prevent a Client from selling their securities at all, or at an advantageous time or price because Wealthfront Advisers' executing broker-dealer may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. Some securities (including ETFs) that hold or trade financial instruments may be adversely affected by liquidity issues as they manage their portfolios. While Wealthfront Advisers values the securities held in Client Accounts based on reasonably available exchange traded security data, Wealthfront Advisers may from time to time receive or use inaccurate data, which could adversely affect security valuations, transaction size for purchases or sales, and/or the resulting advisory fees paid by a Client to Wealthfront Advisers.

Credit Risk – Wealthfront Advisers cannot control, and Clients are exposed to the risk that, financial intermediaries or security issuers may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy or insolvency, any of which may affect portfolio values or management. This risk applies to assets held with any broker-dealer, notwithstanding asset segregation and insurance requirements that are beneficial to broker-dealer clients generally. In addition, exchange trading venues or trade settlement and clearing intermediaries could experience adverse events that may temporarily or permanently limit trading or adversely affect the value of Client securities. Finally, any issuer of securities may experience a credit event that could impair or erase the value of the issuer's securities held by a Client. Wealthfront Advisers seeks to limit credit risk by generally adhering to the purchase of ETFs, which are subject to regulatory limits on asset segregation and leverage such that fund shareholders are given liquidation priority versus the fund issuer; however, certain funds and products, which Wealthfront Advisers generally does not invest in, may involve higher issuer credit risk because they are not structured as a registered fund.

Legislative and Tax Risk - Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser / financial advisor or securities trading regulation; change in the US government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations (particularly for ETF securities dealing in natural resources). Wealthfront Advisers does not engage in tax planning, and in certain circumstances a Client may incur taxable income on their investments without a cash distribution to pay the tax due.

Tax-Loss Harvesting Risk - Clients who activate our tax-loss harvesting service are alerted to the following risks:

- **Clients should confer with their personal tax advisor regarding the tax consequences of investing with Wealthfront Advisers and engaging in the tax-loss harvesting strategy, based on their particular circumstances.** Clients and their personal tax advisors are responsible for how the transactions in the Client's account are reported to the Internal Revenue Service ("IRS") or any other taxing authority. Wealthfront Advisers assumes no responsibility to you for the tax consequences of any transaction, including any capital gains and/or wash sales that may result from the tax-loss harvesting strategy.
- Wealthfront Advisers' tax-loss harvesting strategy is not intended as tax advice, and Wealthfront Advisers does not represent in any manner that the tax consequences described will be obtained or that Wealthfront Advisers' investment strategy will result in any particular tax consequence. The tax consequences of this strategy and other Wealthfront Advisers strategies are complex and may be subject to challenge by the IRS. This strategy was not developed to be used by, and it cannot be used by, any investor to avoid penalties or interest.
- When Wealthfront Advisers replaces investments with "similar" investments as part of the tax-loss harvesting strategy, it is a reference to investments that are expected, but are not guaranteed, to perform similarly and that might reduce a Client's tax bill while maintaining a similar expected risk and return on the Client's portfolio. **Expected returns and risk characteristics are no guarantee of actual performance.**
- A Client must notify Wealthfront Advisers of specific stocks in which the Client is prohibited from investing. If a Client instructs Wealthfront Advisers not to purchase certain stocks, Wealthfront Advisers will select an alternate stock to purchase on the Client's behalf or if Wealthfront Advisers deems no other stock as appropriate, not invest in an alternate stock. The Client shall notify Wealthfront Advisers immediately if you consider any investments recommended or made for the Account to violate such restrictions.
- The performance of the new securities purchased through the tax-loss harvesting service may be better or worse than the performance of the securities that are sold for tax-loss harvesting purposes.
- The effectiveness of the tax-loss harvesting strategy to reduce the tax liability of the Client will depend on the Client's entire tax and investment profile, including purchases and dispositions in a Client's (or Client's spouse's) accounts outside of Wealthfront

Advisers and type of investments (e.g., taxable or nontaxable) or holding period (e.g., short-term or long-term). Clients who customize our recommended portfolios may also influence the effectiveness of the tax-loss harvesting strategy. For example, Clients who allocate significant portions of their portfolio to ETFs that are not currently supported for tax-loss harvesting may decrease the effectiveness of this service by reducing the number and/or amount of ETFs from which to harvest losses. The utilization of losses harvested through the strategy will depend upon the recognition of capital gains in the same or a future tax period, and in addition may be subject to limitations under applicable tax laws, e.g., if there are insufficient realized gains in the tax period, the use of harvested losses is limited to a \$3,000 deduction against ordinary income and distributions. Losses harvested through the strategy that are not utilized in the tax period when recognized (e.g., because of insufficient capital gains and/or significant capital loss carryforwards), generally may be carried forward to offset future capital gains, if any.

- Be aware that if the Client and/or the Client's spouse have other taxable or non-taxable investment accounts, and the Client holds in those accounts any of the securities (including options contracts) held in the Client's account at Wealthfront Advisers, the Client cannot trade any of those securities 30 days before or after Wealthfront Advisers trades those same securities as part of the tax-loss harvesting strategy to avoid possible wash sales and, as a result, a nullification of any tax benefits of the strategy. For more information on the wash sale rule, please read [IRS Publication 550](#).
- Wealthfront Advisers' tax-loss harvesting service is designed to avoid creating "wash sales" in Clients' accounts with Wealthfront Advisers. Clients, however, are responsible for monitoring their accounts outside of Wealthfront Advisers to ensure that transactions in the same security or a substantially identical security do not create a wash sale. A wash sale occurs when a taxpayer sells a security at a loss and then purchases the same security or a substantially identical security over a period of 61 days: the day of the sale, the 30 days before the sale, and the 30 days after the sale. If a wash sale occurs, the IRS may not allow the loss for current tax reporting purposes. Wash sales can occur even if the securities are sold and then bought in different accounts. Therefore Wealthfront Advisers may lack visibility to certain wash sales, should they occur as a result of transactions in external or unlinked accounts. Under those circumstances, Wealthfront Advisers may not be able to provide notice of such wash sale in advance of the Client's receipt of the IRS Form 1099.
- Except as set forth below, Wealthfront Advisers will monitor only a Client's accounts at Wealthfront Advisers to determine if there are unrealized losses for purposes of determining whether to harvest such losses. Transactions outside of accounts at Wealthfront Advisers may affect whether a loss is successfully harvested and, if so, whether that loss is usable by the Client in the most efficient manner.
- Under certain circumstances, there is a chance that Wealthfront Advisers trading attributed to tax-loss harvesting may create capital gains and/or wash sales. In addition, tax-loss harvesting strategies may produce losses which may not be offset by sufficient gains in the account.
- From time to time, in order to mitigate wash sales risk, a Client's IRA Account might invest in a so-called "secondary" ETF (as identified in Wealthfront Advisers' TLH white

paper) rather than a so-called “primary” ETF identified in such white paper or in the Client’s plan.

- Not all the losses may be used to offset gains in the year they were recognized due to wash sales. Thus, wash sales can diminish the effectiveness of tax-loss harvesting by deferring to a future year a tax loss that could have been used to offset income or capital gains in the current year.

Potentially High Levels of Trading Risk - Certain situations, such as the simultaneous receipt of a high volume of Client deposits or withdrawal requests, can lead Wealthfront Advisers to engage in high levels of trading. High levels of trading could result in (a) bid-ask spread expense; (b) trade executions that may occur at prices beyond the bid-ask spread (if quantity demanded exceeds quantity available at the bid or ask); (c) trading that may adversely move prices, such that subsequent transactions occur at worse prices; (d) trading that may disqualify some dividends from qualified dividend treatment; unfulfilled orders or portfolio drift, in the event that markets are disorderly or trading halts altogether; and (f) unforeseen trading errors.

Foreign Investing and Emerging Markets Risk - Foreign investing involves risks not typically associated with US investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries. In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors not present in the US, such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than US accounting practices and foreign regulation may be inadequate or irregular.

ETF Risks, including Net Asset Valuations and Tracking Error - ETF performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because 1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and 3) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depositary Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange traded equity securities, and for which market quotations or valuation may be limited or inaccurate.

Clients should be aware that to the extent they invest in ETF securities they will pay two levels of advisory compensation – advisory fees charged by Wealthfront Advisers plus any management fees charged by the issuer of the ETF. This scenario may cause a higher advisory cost (and potentially lower investment returns) than if a Client purchased the ETF directly.

An ETF typically includes embedded expenses that may reduce the fund's net asset value, and

therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Expenses of the fund may include ETF 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. Wealthfront Advisers discloses each ETF's current information, including expenses, on the Site. ETF tracking error and expenses may vary.

Socially Responsible Investing Risk - Clients who select Wealthfront Advisers' Socially Responsible portfolio or who customize their portfolio to include SRI investments may choose such investments based on their benefit and/or detriment to society, rather than profits or intrinsic value alone. This may result in lower returns for the Client compared to a Classic or Direct Indexing portfolio. This may also reduce a Client Account's exposure to certain sectors or types of investments, which could negatively impact the Client Account's performance. Additionally, a Client may disagree with the SRI classification of an issuer by our data provider. SRI norms differ by region, and an issuer's practices may change over time. Accordingly, if an investment no longer meets the criteria for SRI, Wealthfront Advisers may be required to sell the investment at a disadvantageous price or time.

Exposure to Digital Assets through Statutory Trusts - Wealthfront Advisers offers long-term exposure to digital assets through investments in certain statutory trusts. The term digital asset refers to an asset that is issued and/or transferred using distributed ledger or blockchain technology, including, but not limited to, so-called "virtual currencies," "coins," and "tokens." Although Wealthfront Advisers does not offer direct investment in digital assets, Clients opting to customize their portfolios may include an allocation of up to 10% of their total portfolio value to statutory trusts that hold digital assets ("Digital Assets Trusts").

Unlike ETFs, Digital Assets Trusts may lack efficient creation and redemption mechanisms. As a result, the price of Digital Assets Trusts can differ significantly from the value of the underlying digital assets. Further, because of the nature of underlying digital assets and their markets, investments in Digital Assets Trusts (and cryptocurrencies themselves) may be significantly more volatile than most securities-based ETFs, and are not suitable for all investors. Digital Assets Trusts may be significantly riskier than investments in more traditional assets like stocks, bonds, mutual funds, or ETFs. The price history of a Digital Assets Trust may not be reflective of its future price potential, and digital asset investors should be able to withstand significant if not complete loss of invested capital.

Inflation, Currency, and Interest Rate Risks - Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. In addition, the relative value of the US dollar-denominated assets primarily managed by Wealthfront Advisers may be affected by the risk that currency devaluations affect Client purchasing power.

Risks Relating to Investment in a Concentrated Number of Securities or to Investment in Only One Industry Sector (or in Only a Few Sectors) - When strategies invest in a concentrated number of securities, a decline in the value of these securities would cause your overall account value to decline to a greater degree than that of a less concentrated portfolio. Strategies that invest a large percentage of assets in only one industry sector (or in only a few

sectors) are more vulnerable to price fluctuation than strategies that diversify among a broad range of sectors.

Partial or Fractional Shares - Wealthfront does not currently support ownership of partial or fractional shares for Automated Investing Accounts. Without fractional shares, it may be more difficult to achieve a diversified portfolio because the price of a single share of a given security may be high and may deplete the budget available to build a diversified portfolio. At the same time, without fractional shares, Clients may hold more cash than may be advisable because of the high price of buying a whole share of a given security.

College Savings Account Risks - 529 Accounts are subject to various risks, including but not limited to:

Special Nature of Plan Interests - The Client and the Client's beneficiary do not have access or rights to any assets of the state sponsoring our 529 Plan or any assets of the state trust of the Section 529 college savings plan (a "Plan") other than the assets credited to the Client's account for that beneficiary. The 529 Account is an investment vehicle. 529 Accounts are subject to certain risks including: (i) the possibility that the Client may lose money over short or even long periods of time; (ii) the risk of changes in applicable federal and state tax laws and regulations; (iii) the risk of Plan changes including changes in fees and expenses; and (iv) the risk that contributions to the 529 Account may adversely affect the eligibility of the beneficiary or the Client for financial aid or other benefits. Some MFSs in a Client's 529 Account carry more and/or different risks than others. Clients should weigh such risks with the understanding that they could arise at any time during the life of the Client's account.

Municipal Fund Securities - When the Client contributes to the 529 Account, the Client's money will be invested in MFSs. An investment in the Client's 529 Account is not a bank deposit. None of the Client's account, the principal the Client invests, nor any investment return is insured or guaranteed by (i) any state or any state agencies, instrumentalities or funds, (ii) any officer, official, staff member of any state, (iii) any Plan or any program manager of any such Plan, (iv) any board of any state trust issuing MFSs for a Plan (a "Board"), (v) any such state trust (as "State Trust"), (vi) Wealthfront Advisers, (vii) each of their respective affiliates, officials, officers, directors, employees and representatives, (viii) the federal government, (ix) the Federal Deposit Insurance Corporation ("FDIC"), or (x) any other governmental agency. Investment returns will vary depending upon the performance of the designated portfolios in the Client's account. A Client could lose all or a portion of the Client's investment.\

Relatively Short Investment Time Horizon - Relative to investing for retirement, the holding period for college savings investors is very short (e.g., 10 years versus 60 years). Also, the need for liquidity during the withdrawal phase (to pay for qualified higher education expenses) generally is very important. Clients should strongly consider the level of risk they wish to assume when completing the risk questionnaire upon account opening.

Limited Investment Direction - Clients may not direct the underlying investments in their 529 Account. The ongoing money management is the responsibility of Wealthfront Advisers. The only manner in which Clients can affect the money management is to

change their risk score, which is limited to two times per year, or upon the change of the beneficiary. Once the permitted two per calendar year risk score changes are made in the Client's account, a subsequent risk score change in the Client's account within the same calendar year will not be processed. The choice of the underlying investments of the MFSs is subject to the approval of the Board. Automatic investment exchanges that occur as the Client's assets move through the glide path do not count towards the Client's twice per calendar year investment exchange limit.

Liquidity Risk - Investments in a Plan are considered less liquid than other types of investments (e.g., investments in mutual fund shares) because the circumstances in which a Client may withdraw money from a Plan account without a penalty or adverse tax consequences are significantly more limited.

Potential Changes to the Plan – Boards generally reserve the right, in their sole discretion, to discontinue the Plan or to change any aspect of the Plan. For example, the Board may change the Plan's fees and expenses; add, subtract, or merge the MFSs; close a MFS to new investors; or change the program manager or the underlying investment(s) of a MFS. Depending on the nature of the change, a Client may be required to, or prohibited from, participating in the change with respect to accounts established before the change. A particular program manager may not necessarily continue as the Plan's program manager, and Wealthfront Advisers may not necessarily continue as investment adviser and distributor to a Plan (although Wealthfront Advisers will continue as the Client's investment adviser until either Wealthfront Advisers or the Client terminates that investment advisory relationship).

Changes to a Plan may or may not be beneficial to Clients. The Board may terminate the Plan by giving written notice to the Client, but even if the Board terminates the Plan, the Client and the Client's beneficiary's rights to the Client's account assets will be unaffected. An MFS may be temporarily uninvested during a transition from one investment underlying an MFS to another underlying investment. The transaction costs associated with any liquidation, as well as any market impact on the value of the securities being liquidated, will be borne by the MFS which ultimately may impact the individual portfolios holding that MFS.

Status of Federal and State Law and Regulations Governing a Plan - Federal and state law and regulations governing the administration of Plans could change in the future. In addition, federal and state laws on related matters, such as the funding of higher education expenses, treatment of financial aid, and tax matters are subject to frequent change. It is unknown what effect these kinds of changes could have on a 529 Account. Clients should also consider the potential impact of any other state laws on their account. Clients should consult their tax advisor for more information.

Eligibility for Financial Aid - The treatment of 529 Account assets may have an adverse effect on the beneficiary's eligibility to receive assistance under various federal, state, and institutional financial aid programs.

No Guarantee That Investments Will Cover Qualified Higher Education Expenses; Inflation and Qualified Higher Education Expenses - There is no guarantee that the money in a Client's 529 Account will be sufficient to cover all of a beneficiary's

qualified higher education expenses, even if contributions are made in the maximum allowable amount for the beneficiary. The future rate of increase in qualified higher education expenses is uncertain and could exceed the rate of investment return earned by a Plan account over any relevant period of time.

Investors in any Plan should read the Plan's offering documents and any related participation agreement carefully before investing or sending money. For more information on risks related to 529 Accounts, see the "Plan Risks" section of the Wealthfront 529 College Savings Plan Description and Participation Agreement.

Portfolio Line of Credit - Qualified clients who choose to use Wealthfront Brokerage's PLOC are alerted to the following risks:

- PLOC is a margin loan product offered by Wealthfront Brokerage exclusively to Clients of Wealthfront Advisers with a fully discretionary, taxable account by Wealthfront Advisers and who meet other minimum account thresholds. Clients should review the risks listed below and in Wealthfront Brokerage's [Margin Handbook](#), and consider them before borrowing. For the purposes of this document, Client Accounts utilizing the PLOC may be referred to as "margin accounts."
- Clients who utilize margin loans can lose more funds than are held in their margin accounts. In addition, a decline in the value of the securities in margin accounts may require such Clients to provide Wealthfront Brokerage with additional funds to avoid the forced sale of securities or other securities or assets in their margin accounts. This is called a "margin call."
- Wealthfront Brokerage can issue a margin call and force the sale of securities in Client margin accounts if the equity in a Client margin account falls below the minimum requirement described in our [Margin Handbook](#). Wealthfront Brokerage can sell the securities in any of the Client's margin accounts held with Wealthfront Brokerage to cover the margin deficiency. Clients also will be responsible for any shortfall in the margin account after such a sale.
- Wealthfront Brokerage notifies Clients whose portfolio balances approach our minimum margin requirement well before a margin call is likely to happen even though such notice is not strictly required. Unless such Clients pay back their loan or a portion of it, Wealthfront Brokerage can sell Client securities in margin accounts without further contacting the Client if the margin account falls below our minimum margin requirement. Even if Wealthfront Brokerage has contacted a Client and provided a specific date by which the Client can meet a margin call, Wealthfront Brokerage can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the Client.
- In the event it is necessary to sell securities to meet minimum margin requirements, Wealthfront Advisers will automatically liquidate securities to cover the minimum margin requirements while also maintaining appropriate asset allocations in the Client's portfolio. Clients are not entitled to choose which securities in their account(s) are liquidated or sold to meet a margin call.

- Wealthfront Brokerage can increase its minimum margin requirements at any time and is not required to provide advance written notice to Clients. These changes in Wealthfront Brokerage's policy often take effect immediately and may result in the issuance of a maintenance margin call. A Client failure to satisfy the call will cause Wealthfront Brokerage to liquidate or sell securities in Client margin accounts.
- Clients are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available to a Client under certain conditions, a Client does not have a right to the extension.

Item 9 Disciplinary Information

On December 21, 2018, Wealthfront Advisers reached a settlement with the Securities and Exchange Commission. The settlement order found that Wealthfront Advisers improperly retweeted certain clients' positive tweets from its corporate account and compensated certain bloggers for client referrals without proper disclosures. Additionally, the settlement order found that Wealthfront Advisers did not have proper disclosures in its TLH white paper concerning monitoring for any and all wash sales that could occur in client accounts. A wash sale prevents the tax benefit of having sold the asset to realize a loss. Thus, a wash sale can diminish the effectiveness of TLH by deferring to a future year a tax loss that could have been used to offset income or capital gains in the current year. In Wealthfront's TLH program, wash sales could occur, or were permitted, in certain circumstances relating to the management of a client account such as rebalancing a client portfolio or client directed transactions. The SEC order noted that a significant percentage of client accounts enrolled in Wealthfront Advisers' TLH strategy experienced wash sales in the period from October 2012 to May 2016 and that wash sales represented approximately 2.3% of tax losses harvested for clients in the period from January 2014 to December 2016.

The settlement order found that Wealthfront Advisers violated the antifraud, advertising, compliance, and other provisions of the Investment Advisers Act of 1940. Without admitting or denying the SEC's findings, Wealthfront Advisers consented to the entry of the SEC's order censuring it, requiring it to cease and desist from further violations, and imposing a \$250,000 penalty.

Item 10 Other Financial Industry Activities and Affiliations

Wealthfront Advisers uses its affiliate, Wealthfront Brokerage, to effect transactions on behalf of Wealthfront Advisers' Clients for non-529 Accounts. Wealthfront Brokerage is both a carrying and introducing broker registered with the FINRA and the SEC, whose sole purpose is to service Wealthfront Advisers' Clients and carry accounts that Wealthfront Advisers manages pursuant to fully discretionary and limited discretionary authority granted to Wealthfront Advisers by its Clients. For Accounts other than 529 Accounts, Wealthfront Brokerage, as a broker-dealer, has entered into an omnibus clearing agreement with RBC Clearing & Custody ("RBC," or "Clearing Broker"). Wealthfront Brokerage instructs the Clearing Broker on behalf of Wealthfront Advisers to clear and settle Wealthfront Advisers Client transactions on an omnibus basis for Client securities orders that Wealthfront Brokerage currently places with either Citadel LLC, Virtu Financial, or GTS Securities LLC (the "Approved Brokers"). The Clearing Broker also has omnibus custody of Client cash balances and securities positions.

For 529 Accounts, Wealthfront Advisers uses Wealthfront Brokerage to effect Plan MFS transactions on behalf of Clients by placing purchase and redemption orders with the Plan recordkeepers and by holding funds pending their investment in Plan MFSs and holding proceeds of redemptions of Plan MFSs pending disbursement per Client instructions.

Wealthfront Brokerage also exclusively offers its PLOC to eligible Wealthfront Advisers' Clients who meet certain minimum account thresholds.

For taxable Automated Investing Accounts with a minimum account size of \$100,000, Wealthfront Advisers offers the opportunity to include an allocation to the Risk Parity Fund, a proprietary mutual fund managed by Wealthfront Strategies. Client allocations to the Risk Parity Fund are subject to an annual 0.25% fee charged by Wealthfront Strategies. This fee is in addition to the advisory fee Clients pay to Wealthfront Advisers for managing their portfolio. Offering a proprietary mutual fund to our Clients may create a conflict of interest because assets invested in the Risk Parity Fund are subject to higher fees, creating an incentive for Wealthfront Advisers to allocate more capital to the Risk Parity Fund. We address this conflict by no longer offering the Risk Parity Fund as part of our recommendations. Instead, Clients opening new accounts may only add the Wealthfront Risk Parity Fund to their portfolios through our customization capability. For Clients who previously opted into the Wealthfront Risk Parity Fund in a recommended portfolio, we address this conflict by limiting such Clients' allocation to the Risk Parity Fund to 20% of their portfolio. In addition, Clients who have chosen a Risk Parity Fund allocation may sell such allocation at any time. As a proprietary fund, the Risk Parity Fund may not be transferred away from Wealthfront to another institution unless certain conditions are met.

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

Wealthfront Advisers' paramount ethical, professional, and legal duty is to act at all times as a fiduciary to its Clients. This means that Wealthfront Advisers puts the interests of its Clients *ahead of its own*, and carefully manages for any perceived or actual conflict of interest that may arise in relation to its advisory services. Wealthfront Advisers has adopted a Code of Ethics, which is designed to ensure that we meet our fiduciary obligation to Clients, enhance our culture of compliance within the firm, and detect and prevent any violations of securities laws.

Wealthfront Advisers' Code of Ethics (the "Code") establishes standards of conduct for all Wealthfront Advisers' employees, including all officers, directors, employees, certain contractors and others ("Access Persons"), and is consistent with the code of ethics requirements of Rule 204A-1 under the Investment Advisers Act of 1940, as amended. The Code includes general requirements that all Access Persons comply with their fiduciary obligations to Clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest, and confidentiality of client information.

Each new Wealthfront Advisers' Access Person receives a copy of the Code after obtaining access to company systems. Wealthfront Advisers sends copies of any amendments to the Code to all Access Persons, who must acknowledge in writing having received the Code and the amendments. Annually or as otherwise required, each Access Person must confirm to Wealthfront Advisers that they have complied with the Code during such preceding period.

Wealthfront Advisers' Access Persons may personally invest in securities recommended by Wealthfront Advisers, specifically the ETFs or other investments recommended for each asset class and individual large and mid-capitalization stocks recommended for advanced forms of TLH. Wealthfront Advisers' Access Persons may also buy or sell specific securities for their own accounts that are not purchased or sold ahead of Clients. Wealthfront Advisers monitors the securities transactions of all Access Persons to determine whether there have been any improper use of client trading information by Access Persons. It also requires all Access Persons to report any violations of the Code promptly to Wealthfront Advisers' Chief Compliance Officer. The complete Code of Ethics is available to any client or prospective Client upon request.

Item 12 Brokerage Practices

Wealthfront Advisers places all trade orders for securities transactions on behalf of Client Accounts solely with Wealthfront Brokerage, with whom Clients must open brokerage accounts if they are to become Wealthfront Advisers investment advisory clients. Wealthfront Brokerage currently has reviewed and approved different broker-dealer firms to execute orders for all Client taxable and IRA account securities transactions, namely the "Approved Brokers." Wealthfront Brokerage clears and settles all Client taxable and IRA account trade order securities transactions with RBC on an omnibus basis, and all costs associated with the clearing and settlement of such securities transactions are borne by Wealthfront Brokerage. Clients also do not pay any securities transaction costs (e.g., commissions or SEC fees) for trades executed through the Approved Brokers, as Wealthfront Brokerage acts as agent for such trades, and the Approved Brokers execute Client trade orders on a principal or agency basis. Further, Wealthfront Brokerage does not receive any compensation from the Clients, the Approved Brokers or third parties in connection with such transactions.

Wealthfront Advisers seeks to ensure that its Client taxable and IRA accounts receive the best overall execution for securities transactions from the Approved Brokers by continuing to monitor and review the best execution capability of the Approved Brokers. When assessing the best execution capability of the Approved Brokers, Wealthfront Advisers will consider the following factors: execution speed, price improvement versus the national best bid and offer (NBBO) and overall execution quality among other factors. To the extent that an Approved Broker's best execution capability does not appear to meet the quality of best execution on a consistent basis, Wealthfront Advisers would look to remove and replace such broker from the Approved Broker list.

Wealthfront Advisers does not engage in any "soft dollar" practices involving the receipt of research or other brokerage service in connection with Client transactions, nor does Wealthfront Advisers compensate or otherwise reward any brokers for client referrals. Also, neither Wealthfront Advisers nor Wealthfront Brokerage accept payment for Clients' order flow.

Wealthfront Advisers seeks to aggregate orders for Clients when possible based on Clients' instructions, account type, and timing of Wealthfront Advisers' investment decisions and operations. These aggregations may lead to higher volume orders that may result in better execution prices for these Clients. However, aggregation is not always possible. Consequently, some transactions of Clients are executed on an individual basis pursuant to a randomized selection process that seeks to ensure that each Client has generally equal priority over time. If a Client's order is not aggregated, then the Client may receive disparate prices from trading at different times during the day.

Wealthfront Advisers places all 529 Account purchase and redemption trade orders with Wealthfront Brokerage, who in turn must transmit such trade orders exclusively to the 529 plan recordkeeper.

Item 13 Review of Accounts

Wealthfront Advisers provides all Clients with continuous access via the Site where Clients can access their Account documents, such as account statements, and review their time-weighted and money-weighted returns. Clients also receive periodic e-mail communications describing portfolio performance, Account information, and product features.

Wealthfront Advisers software-based investment advisory service assumes a Client's portfolio will not stay optimized over time and must be periodically rebalanced back to its target allocation. Wealthfront Advisers' software continuously monitors and periodically rebalances each Client's portfolio that is fully-discretionary. Wealthfront Advisers also conducts reviews when Clients make changes to their risk profiles. Wealthfront Advisers considers tax implications and the volatility associated with each of the chosen asset classes when deciding when and how to rebalance, however no assurance can be made by Wealthfront Advisers that Clients will not incur capital gains, and in certain instances significant capital gains, when Client portfolios are rebalanced periodically. Wealthfront Advisers assumes no responsibility to its Clients for any tax consequences of any transaction, including any capital gains that may result from the rebalancing of Client Accounts.

On a periodic basis, Wealthfront Advisers contacts each Client to remind them to review and update personal profile information they previously provided. Wealthfront Advisers also requests that Clients reconfirm the same information on an annual basis. These notifications and confirmations include a link to the Client's current information and contact information for the Wealthfront Advisers support team. Currently the Wealthfront Advisers team members whose tasks include supervising, arranging and responding to these notifications, confirmations and reviews are the Product Support team.

Wealthfront Advisers' Investment Committee (the "Committee"), a committee of certain Wealthfront Advisers officers who are not members of Wealthfront Advisers' investment research team, conducts and approves separate reviews related to the securities used for Client portfolios. The Committee has the authority, if necessary, to remove, add, or replace securities or other investments from portfolios held at Wealthfront Advisers.

Item 14 Client Referrals and Other Compensation

Wealthfront Advisers expects from time to time to run promotional campaigns to measure interest and to attract Clients to open Accounts on the Site. These promotions may include, but are not limited to, referral programs pursuant to which Clients, or third parties, invite non-Clients to open an account with Wealthfront Advisers. These promotions may also include additional Account services or products offered on a limited basis to select Clients, different fee arrangement structures, which could include more favorable fee arrangements, a higher interest rate, cash compensation, reduced or waived advisory fees for Clients, and/or periodic, flat fees

for certain advisory or account services.

These arrangements may create an incentive for a third party or other existing Client to refer prospective Clients to Wealthfront Advisers, even if the third party would otherwise not make the referral. These arrangements may also create a conflict of interest for a Client to maintain a certain level of assets managed through Wealthfront Advisers if doing so would result in eligibility to receive an incentive, bonus, or additional compensation.

Wealthfront Advisers compensates third parties to create and share advertising materials regardless of whether an individual funds an Account. Additionally, in certain instances, Wealthfront Brokerage provides Wealthfront Advisers' Clients compensation as a promotional offer to open accounts at Wealthfront Brokerage.

Item 15 Custody

Wealthfront Advisers is deemed to have custody of Client assets due to its affiliation with Wealthfront Brokerage, which maintains Client funds as a qualified custodian and primarily with respect to cash that is not held by RBC. Additionally, Forge Trust Co. serves as custodian of Clients' IRA Accounts. Wealthfront Advisers provides instructions to Wealthfront Brokerage regarding the investment of the Client's assets (see Item 10).

Each Client can access Account documentation, including trade confirmations and/or monthly account statements, directly from Wealthfront Brokerage by logging into their Client Account. Each Client should carefully review this information when they are evaluating Account performance, securities holdings, and transactions. While Wealthfront Advisers reconciles trading information with Wealthfront Brokerage on a regular basis, a Client may experience differences in the information displayed on the Site as compared to the Account documentation due to pending transactions, dividends, interest, corporate actions, cash movements or withdrawals, or other activity. Only Wealthfront Brokerage's trading confirmations and statements represent the official records of a Client's Account.

Item 16 Investment Discretion

Wealthfront Advisers requires that a Client who decides to retain Wealthfront Advisers as their investment adviser complete and execute an Advisory Client Agreement. Under the terms of the Advisory Client Agreement, Wealthfront Advisers assumes either full discretionary or limited discretionary trading and investment authority over the Client's assets in accounts held with Wealthfront Brokerage. For fully-discretionary Accounts, Wealthfront Advisers is given discretionary authority to select the timing, quantity, and identity of securities to buy and sell for the Client as well as enter into, amend or terminate contracts relating to the Account.

A Client should understand that subject only to Wealthfront Advisers' fiduciary duties, Wealthfront Advisers' full-discretionary trading and investment authority over the Client's assets in Automated Investing Accounts and Automated Bond Portfolios held at Wealthfront Brokerage means that the timing, quantity, and identity of securities to buy and sell on behalf of the Client is completely within Wealthfront Advisers' discretionary authority. While Wealthfront Advisers seeks to respond to Client deposits, Client withdrawal requests, including without limitation requests in connection with terminations, Client changes in risk profiles, Client changes to the

portfolio allocation, and other reasonable Client requests in a timely and reasonable manner, Wealthfront Advisers does not represent or guarantee that Wealthfront Advisers will respond to any such Client actions or requests immediately or in accordance with a set time schedule. Further, Wealthfront Advisers is not responsible to Client for any failures, delays and/or interruptions in the timely or proper execution of trades or any other trading instructions placed by Wealthfront Advisers on behalf of Client through Wealthfront Brokerage due to any reason or no reason, including without limitation any or all of the following, which are likely to happen from time to time: (A) any kind of interruption of the services provided by Wealthfront Brokerage or its clearing or executing broker-dealers or Wealthfront Advisers' ability to communicate with Wealthfront Brokerage or its clearing or executing broker-dealers (B) hardware or software malfunction, failure or unavailability; (C) Wealthfront Brokerage system outages; (D) internet service failure or unavailability; (E) the actions of any governmental, judicial or regulatory body; and/or (F) force majeure.

For Stock Investing Accounts, Wealthfront Advisers does not have the same trading and investment authority as other Wealthfront Accounts. Stock Investing Accounts, unlike Wealthfront's Automated Investing Accounts, are not fully discretionary accounts. The Client retains general investment discretion over other matters, including the ultimate decision as to which securities to include in the account. Wealthfront Advisers will not effect transactions in a Client's Stock Investing Account without the Client's consent, except for i) determining the specific time, price, number of shares, and units or dollar amounts appropriate to effect Client's request, ii) trading securities that Wealthfront Advisers or its affiliates no longer support in the account, or iii) complying with applicable laws, regulations, or court orders. Additional information about the Advisory Client Agreement can be found in Items 4 and 7 above.

Item 17 Voting Client Securities

Wealthfront Advisers, as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the Clients. Our firm maintains policies and procedures as to the handling, research, voting, and reporting of proxy voting and makes appropriate disclosures about our firm's proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records. Clients may request information regarding how Wealthfront Advisers voted a Client's proxies, and Clients may request a copy of the firm's proxy policies and procedures by emailing support@wealthfront.com. Clients should not become or continue as a Client if they wish to vote such proxies.

Item 18 Financial Information

This Item is not applicable because Wealthfront Advisers does not require or solicit the prepayment of any 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.



261 Hamilton Avenue
Palo Alto, California 94301
www.wealthfront.com

Form ADV Part 2B

Client Brochure Supplement

December 19, 2023

This Brochure Supplement provides information about certain Wealthfront Advisers employees listed below that supplements the Wealthfront Advisers Brochure you should have received above. Please contact Wealthfront Advisers at [844-995-8437](tel:844-995-8437) or support@wealthfront.com if you did not receive Wealthfront Advisers' Brochure or if you have any questions about the contents of this Brochure Supplement.

Wealthfront Advisers' automated investment advice is managed by software, based on input provided by a team of supervised persons. This team is led by highly qualified individuals whose experience and credentials are provided below.

Burton Malkiel, born 1932

Education

BS, Harvard University, 1953

MBA, Harvard University, 1955

Ph.D., Princeton University, 1964

Business Background

Associate, Investment Banking, Smith Barney & Co. 1958 -1960, 1964 - present

Princeton University (now Professor Emeritus) 2012 - present

Chief Investment Officer, Wealthfront Advisers LLC 2012 - present

Chief Investment Officer, AlphaShares, LLC

Disciplinary Information

None

Other Business Activity

Director: Theravance, Inc.; Genmab A/S; Vanguard Europe

Editorial Board Member, Emerging Markets Review and Applied Financial Economics

Supervision

Dr. Malkiel is supervised by David Fortunato.

Alexander Michalka, born 1984

Education

BA, University of California, Berkeley, 2006

MS / Ph.D., Columbia University, 2013

Business Background

2006 –2009 Quantitative Research, The Climate Corporation

2013 – 2019 Vice President, AQR Capital Management

2019 – present Vice President of Research, Wealthfront Advisers LLC

2019 – present Portfolio Manager, Wealthfront Risk Parity Fund

Disciplinary Information

None

Other Business Activity

None

Supervision

Dr. Michalka is supervised by David Fortunato



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Wealthfront Advisers Program Brochure

October 27, 2023

Item 1 Cover Page

This wrap fee program brochure (“Brochure”) provides information about the qualifications and business practices of Wealthfront Advisers LLC (“Wealthfront Advisers” or “we” or “us”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). Registration does not imply a certain level of skill or training but only indicates that Wealthfront Advisers has registered its business with state and federal regulatory authorities, including the SEC (our SEC number is 801-69766). The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

If you have any questions about the contents of this Brochure, please contact us at [844-995-8437](tel:844-995-8437) or support@wealthfront.com. Additional information about Wealthfront Advisers is also available on the SEC’s website at www.adviserinfo.sec.gov and on Wealthfront Advisers’ website, www.wealthfront.com.

Item 2 Material Changes

Since the last annual updating amendment to Wealthfront Advisers' Form ADV Part 2 brochure on October 28, 2022, there have been no material updates to this Brochure we updated this Brochure to describe our Automated Bond Portfolios offering, which consists of a diversified mix of bond exchange-traded funds based on a Client's individual tax situation, state of residence, and stated taxable income.

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Item 4 Services, Fees and Compensation

A. General Description of the Company

Wealthfront Advisers is an automated investment adviser registered with the SEC. Wealthfront Advisers provides clients' with software-based investment advisory and portfolio management services through the Wealthfront Advisers Program. This Program, launched in December 2011, is made available via brokerage accounts that all clients open at Wealthfront Brokerage LLC ("Wealthfront Brokerage"), a member of Financial Industry Regulatory Authority ("FINRA"). Wealthfront Advisers became the successor investment adviser to Wealthfront Inc. effective August 1, 2018. On the same date, Wealthfront Inc. changed its name to Wealthfront Corporation. Software-based financial planning tools and services (as described further in Item 4.B below) are provided by Wealthfront Software LLC ("Wealthfront Software"). Since February 2019, Wealthfront Brokerage has offered a cash account to Clients, (the "Wealthfront Cash Account"), where Wealthfront Brokerage conveys uninvested cash account funds to depository institutions that accept and maintain such deposits ("partner banks"). Neither Wealthfront Brokerage nor its affiliates are a bank. The cash balance in a Client's Wealthfront Cash Account is swept to one or more partner banks, where it earns a variable rate of interest and is eligible for Federal Deposit Insurance Corporation ("FDIC") insurance while such cash balance awaits investments. FDIC insurance is not provided, and interest is not earned, until the funds arrive at the partner banks. In addition, Wealthfront Brokerage offers a margin lending product called Portfolio Line of Credit ("PLOC"), which is offered to Clients who meet the required minimum balance in a taxable investment account advised by Wealthfront Advisers, in addition to other minimum account thresholds. Wealthfront Brokerage charges interest on the funds borrowed under a PLOC for the time that the loan is outstanding although it is not due until the loan is repaid. Wealthfront Advisers, Wealthfront Brokerage, and Wealthfront Software are wholly owned subsidiaries of Wealthfront Corporation, which is a privately held company headquartered in Palo Alto, California.

Wealthfront Advisers, Wealthfront Brokerage, and Wealthfront Software are wholly owned subsidiaries of Wealthfront Corporation, which is a privately held company headquartered in Palo Alto, California. Additional information about Wealthfront Advisers' products, structure and directors is provided on Part 1 of Wealthfront Advisers' Form ADV which is available online at www.adviserinfo.sec.gov or at www.wealthfront.com. We encourage visiting our website www.wealthfront.com for additional information.

B. Summary of Investment Advisory Services

Wealthfront Advisers offers an automated investment advisory service that makes it possible for anyone who enters into a Wealthfront Advisers Advisory Client Agreement (the "Advisory Client Agreement"), to access state-of-the-art investment advisory and portfolio management services. Clients can choose between portfolios we recommend and the ability to customize our recommendation. As provided in separate Advisory Client Agreements, advisory clients ("Clients") may grant Wealthfront Advisers either (1) full discretionary authority to manage Client assets; or (2) limited discretionary authority regarding time, price, number of securities, and units or dollar amounts in such securities, while Client retains general investment discretion regarding the specific securities to buy or sell in an Account. Client accounts ("Client Accounts")

or “Accounts”) are opened and maintained at Wealthfront Brokerage (and in the case of the 529 college savings plan (“529 Accounts”), the sponsoring state trust fund account) pursuant to the Wealthfront Brokerage Customer Brokerage and Custody Agreement (the “Brokerage Agreement”).

Automated Investing Accounts

Wealthfront Advisers manages certain Client Accounts on a fully discretionary basis (“Automated Investing Accounts”). This means that Wealthfront Advisers is authorized to trade our Clients’ ETFs or other investments in Automated Investing Accounts to maintain the Client’s target investment allocation. Wealthfront Advisers utilizes software to conduct this trading to invest Client deposits, fund Client withdrawals, perform rebalancing to maintain target portfolio allocations, and execute tax-loss harvesting strategies.

Clients may open an Automated Investing Account that is either: (1) an individualized taxable account or an individual retirement account (“IRA”) that allows Clients to choose between portfolios we recommend and the ability to customize our recommendations; or (2) 529 Accounts. Our Automated Investing Accounts are diversified, automated portfolios designed to maximize returns for Clients’ individual risk tolerances and other preferences.

Wealthfront Advisers creates an investment plan and manages a Client’s taxable or IRA portfolio by identifying: 1) optimal asset classes in which to invest, 2) efficient ETFs or other investments to represent each of those asset classes, and 3) an ideal mix of asset classes based on the Client’s specific risk tolerance. Clients may also choose to customize certain of our recommendations and make adjustments to our recommended investment allocations, increasing or decreasing the target percentage of a particular ETF or investment. Clients can also choose from a list of additional ETFs or other investments and request specific allocations to each.

For 529 Accounts, Wealthfront Advisers constructs an individual portfolio based on the Client’s individual risk tolerances that uses up to nine of the 529 plan’s separate municipal fund securities (each a “MFS”), of which each MFS contains a single underlying ETF. Using the Client’s risk score, Wealthfront Advisers assigns the Client’s individual portfolio to one out of 20 glide paths, each of which determines how the Client’s individual portfolio’s allocations of designated portfolios will change over time. Each glide path gradually shifts the asset allocations of the MFSs in the Client’s individual portfolio to progressively decreasing levels of expected risk as the beneficiary’s expected matriculation date approaches. The Client’s starting point along the specific glide path is determined by the beneficiary’s expected time to matriculation. We do not support Client-customized portfolio allocations for 529 Accounts.

For taxable Automated Investing Accounts, Wealthfront Advisers offers tax-loss harvesting (“TLH”) strategies. TLH is a technique designed to help lower your taxes while maintaining the expected risk and return profile of your portfolio. TLH harvests previously unrecognized investment losses to offset taxes due on your other gains and income by selling a security at a loss to accelerate the realization of capital loss and investing the proceeds in a security with closely correlated risk and return characteristics. The realized loss can be applied to lower your tax liability and the tax savings can be reinvested to grow the value of your portfolio. Wealthfront Advisers’ basic TLH strategy harvests tax losses on a Client’s ETFs by selling an ETF at a loss and replacing it with an alternative ETF that tracks a different, but highly

correlated index to maintain the risk and return characteristics of the Client's portfolio.

Wealthfront Advisers also offers more advanced versions of TLH strategies—available to Clients with larger account sizes—that involve allocating a portion of the Client's portfolio to a range of individual US stocks, which increases the Client's opportunity to harvest tax losses. Clients with taxable accounts that have between \$100,000 and \$500,000 in assets can choose our US Direct Indexing service as an enhanced form of TLH that looks for movements in individual stocks to harvest more tax losses. Instead of using a single ETF or index fund to invest in US stocks, US Direct Indexing purchases the largest individual stocks in the US equity market (the number of such individual stocks purchased depends on account size) on a market-weighted basis to increase the opportunity for tax-loss harvesting presented by the movement of individual stocks. Clients with taxable Automated Investing Accounts that have at least \$500,000 qualify for our no-fee Smart Beta service, which serves as an enhancement to our US Direct Indexing service. Clients who signed up for our US Direct Indexing service may specify US stocks they choose to restrict, but may not customize the portfolio allocations in those accounts. Customization is also not supported in our Automated Bond Portfolios offering.

Further, our Automated Investing Accounts and Automated Bond Portfolios (described below) are subject to Rule 3a-4 of the Investment Company Act of 1940. This means: (1) Wealthfront Advisers manages each Client's account based on the Client's individual financial situation and investment objectives, which information is obtained at account opening; (2) Wealthfront Advisers contacts Clients via email on a quarterly basis to request whether there have been any changes to the Client's financial situation or objectives; (3) as noted in Item 7.3, Clients may, at account opening or anytime thereafter, impose reasonable restrictions on how their Account is managed by customizing our recommended portfolios or by updating their settings to restrict investments in certain US stocks; (4) Clients may contact Product Support team members (who are Wealthfront Advisers personnel who are knowledgeable about the Accounts and their management) to ask questions relating to their Account; (5) Clients receive monthly statements of all activity in their Account; and (6) Clients retain rights of ownership in the underlying securities in their accounts.

Automated Bond Portfolio

Clients may open an "Automated Bond Portfolio," which is personalized to a Client's individual tax situation, based on their state of residence and stated, taxable income. The Automated Bond Portfolio is managed on a fully discretionary basis and includes a diversified mix of bond ETFs. Wealthfront Advisers utilizes software to invest Client deposits and dividends, fund Client withdrawals, perform rebalancing to maintain target portfolio allocations, and execute tax-loss harvesting strategies where appropriate. For Clients that use Wealthfront Advisers' Automated Bond Portfolio, Wealthfront Advisers buys or sells securities consistent with a Client's portfolio allocation, which is designed to seek yield and is personalized to the Client's individual tax situation.

Stock Investing Account

Clients may also open a “Stock Investing Account,” which is a taxable account that allows Clients to invest in certain exchange-traded securities, including stocks. In a Stock Investing Account, Clients grant Wealthfront Advisers limited discretion, with Wealthfront Advisers exercising discretion over the specifics of the transaction, including the time, price, number of shares, and units or dollar amounts in the transaction. The Client retains general investment discretion over other matters, including the ultimate decision as to which securities to include in the account. Upon opening a Stock Investing Account, Clients who do not have an active Wealthfront Cash Account must open a separate Wealthfront Cash Account.

Automated Savings

In addition to investment advisory and portfolio management services, Wealthfront Advisers offers a service called Automated Savings to Clients, free of charge. Clients may opt into this service and can stop or restart its use at any time at no cost to them. With Automated Savings, Wealthfront Advisers monitors a Client’s checking account or Wealthfront Cash Account for excess cash over the maximum balance set by the Client. If the monitored account has exceeded the Client’s prescribed maximum balance by at least \$100, Wealthfront Advisers will schedule transfers of the excess cash from the monitored account to one or more of the Client’s Wealthfront accounts of choice. The Client will receive an email notification when these transfers have been scheduled and will have 24 hours to cancel the transfers before they occur.

Financial Planning Through Software

In addition to investment advisory and portfolio management services, Wealthfront Advisers, through its affiliate Wealthfront Software, provides certain software-based financial planning tools and services (the “Financial Planning Service”) to its Clients. The Financial Planning Service is a product offered, free of charge, by Wealthfront Software and is made available to Wealthfront Advisers’ Clients free of charge through a contractual arrangement between Wealthfront Advisers and Wealthfront Software.

Advisory Fees for Automated Investing Accounts and Automated Bond Portfolios

Automated Investing Accounts and Automated Bond Portfolios are “wrap accounts,” meaning they are a professionally managed investment account in which all expenses, including brokerage commissions (if any), management fees, and administrative costs, are “wrapped” into a single charge. Wealthfront Advisers is compensated for its advisory services by charging an annual wrap account fee of 0.25% on the net market value of a Client’s Account. In some cases, Clients can have a portion of their assets managed for free.

Wealthfront Advisers’ fees are charged on a monthly basis and they are not charged in advance. Fees are charged utilizing the following calculation: Wealthfront Advisers calculates a daily advisory fee, which is equal to the fee rate multiplied by the net market value of the Client’s Account as of the close of trading on the New York Stock Exchange (“NYSE”) (herein, “close of markets”) on such day, or as of the close of markets on the immediately preceding trading day for any day when the NYSE is closed, and then divided by 365 (or 366 in any leap year). The

advisory fee for a calendar month is equal to the total of the daily fees calculated during that month (less any deductions or fee waivers) and is deducted from Automated Investing Accounts and Automated Bond Portfolios no later than the tenth business day of the following month.

For 529 Accounts, Wealthfront Advisers waives its investment advisory fees on the first \$25,000 it manages for Nevada residents who open a 529 Account, and this fee waiver applies to the aggregate of all of the Nevada residents' Wealthfront Advisers account assets. This advisory fee is separate from the fees and expenses of the MFSs in which a Client invests in the 529 Account, which include the fees and expenses of the ETFs underlying such securities, the fees of the 529 Account recordkeeper and the fees of the state trust that issues the MFSs ("Plan Administration Fees"). Plan Administration Fees may change without prior notice.

Advisory Fees for Stock Investing Account

In a Stock Investing Account, Clients grant Wealthfront Advisers limited discretion, with Wealthfront Advisers exercising discretion over the specifics of the transaction, including the time, price, number of shares, and units or dollar amounts in the transaction. The Client retains general investment discretion over other matters, including the ultimate decision as to which securities to include in the portfolio. A Stock Investing Account is not a wrap account. As such, a wrap account fee does not apply to them. Instead, Wealthfront Brokerage pays Wealthfront Advisers a percentage of the net interest margin it earns on deposits in Clients' required Wealthfront Cash Accounts. As a result, Clients pay no out of pocket advisory fees, nor does this reduce the rate of interest clients receive from cash maintained in their Wealthfront Cash Accounts. Proceeds from the sale of securities held in a Stock Investing Account are automatically swept to the Client's Wealthfront Cash Account. See Item 5 of Wealthfront Advisers' Form ADV Part 2A brochure for more details on the advisory fee paid in relation to Stock Investing Account.

Fee Changes

Wealthfront Advisers reserves the right, in its sole discretion, to negotiate, reduce or waive the advisory fee for certain Client Accounts for any period of time determined solely by Wealthfront Advisers. In addition, Wealthfront Advisers may reduce or waive its fees for the Accounts of some Clients without notice to, or fee adjustment for, other Clients. For Clients who had opened accounts prior to April 1, 2018, Wealthfront Advisers waived its investment advisory fees for the first \$10,000 of assets in any Wealthfront Advisers investment advisory account(s). However, this benefit is no longer available for new Clients who opened their initial account on or after April 1, 2018.

Additional Fees for Optional Brokerage Services

In addition to the advisory fees, Clients may also pay other fees or expenses to third parties, as well as to an affiliate of Wealthfront Advisers. The fees discussed in this section are detailed in the Brokerage Agreement and summarized in this section for the Client's convenience. Wealthfront Brokerage charges \$10 per outgoing wire transfers from a Wealthfront Cash Account. This charge is not collected until the Client has initiated the wire transfer. There are no charges for incoming wire transfers. Currently, outgoing wire transfers are not supported for Investment Accounts.

Other Product Fees

The issuers of certain investments we purchase for Clients (such as ETFs, investment trusts, or other investments) may charge Clients separate product fees. Wealthfront Advisers does not charge these product fees to Clients, nor does it benefit directly or indirectly from any such fees. Product fees typically include embedded fund expenses that may reduce an investment fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Fund expenses may include management fees, custodian fees, brokerage commissions, and legal and accounting fees. Fund expenses may change from time to time at the sole discretion of the fund issuer. Wealthfront Advisers discloses current information for the investments we purchase for Clients, including product fees, on the Site. Investments in Wealthfront's Risk Parity Fund (the "Risk Parity Fund") are subject to such a product fee. The Risk Parity Fund is managed by Wealthfront Strategies LLC ("Wealthfront Strategies"), an SEC-registered investment adviser and an affiliate of Wealthfront Advisers. Additional information regarding the Risk Parity Fund and related fees and expenses can be found on the Site. In addition, Clients who use the PLOC offered by Wealthfront Brokerage to obtain a loan secured by the assets of their taxable Accounts will be charged interest on the outstanding balance.

Item 5 Account Requirements and Types of Clients

The minimum amount required to open and maintain an Automated Investing Account or an Automated Bond Portfolio (i.e., "wrap accounts") with Wealthfront Advisers is \$500. Clients with a Stock Investing Account must maintain an active Wealthfront Cash Account.

As a result of the automation associated with offering its services online, Wealthfront Advisers makes it possible for retail investors, as well as retirement accounts and trusts, to access its service with much lower account minimums than normally available in the industry. Clients have access to their Accounts through the Site. Additional requirements for opening an Account with Wealthfront Advisers are described in Item 4 of Wealthfront Advisers' Form ADV Part 2A brochure.

At any time, a Client may terminate an Account, or make partial or full withdrawals from an Account (provided an Automated Investing Account or Automated Bond Portfolio balance does not fall below the account minimum of \$500), update their investment profile, or customize our recommended portfolio allocation (including adding or removing specific ETFs or other investments from their designated allocation). These actions may initiate an adjustment in the Account's holdings. In such cases, unless otherwise directed by the Client, for example, in an Automated Investing Account, Wealthfront Advisers will sell the securities in the Account (or portion of the Account, in the case of a partial withdrawal or update) at market prices in a reasonable and timely manner. However, Wealthfront Advisers does not represent or guarantee that Wealthfront Advisers will respond to any such Client actions or requests immediately or in accordance with a set time schedule. See Item 16 of Wealthfront Advisers' Form ADV Part 2A brochure for a description of Wealthfront Advisers' discretionary investment authority, including the timing of Wealthfront Advisers' placement of Client trade orders.

Wealthfront Advisers is probably not the most appropriate service for someone who wants

frequent feedback from an advisor. Investors evaluating Wealthfront Advisers' software-based investment advisory service should be aware that Wealthfront Advisers' relationship with Clients is likely to be different from the "traditional" investment advisory relationship in several aspects:

1. Wealthfront Advisers is a software-based investment adviser which means each Client must acknowledge their ability and willingness to conduct their relationship with Wealthfront Advisers on an electronic basis. Under the terms of the Advisory Client Agreement and the Brokerage Agreement, each Client agrees to receive all Account information and Account documents (including this Brochure and Wealthfront Advisers' Form ADV Part 2A brochure), and any updates or changes to same, through their her access to the Site and Wealthfront Advisers' electronic communications. Unless noted otherwise on the Site or within this Brochure, Wealthfront Advisers' investment advisory service, Wealthfront Brokerage's brokerage services, the signature for the Advisory Client Agreement and the Brokerage Agreement, and all documentation related to the advisory services are managed electronically. Wealthfront Advisers does make individual representatives available to discuss servicing matters with Clients.
2. To provide its investment advisory services and tailor its investment recommendations to each Client's specific needs, Wealthfront Advisers collects information from each Client, including specific information about their investing profile such as financial situation, investment experience, and investment objectives. Wealthfront Advisers maintains this information in strict confidence subject to its Privacy Policy, which is provided on the Site. Although Wealthfront Advisers contacts its Clients periodically as described further in Item 13 below, a Client must promptly notify Wealthfront Advisers of any change in their financial situation or investment objectives that might require a review or revision of their portfolio.
3. Clients with Automated Investing Accounts can choose a portfolio Wealthfront Advisers recommends, which includes allocations to preselected ETFs. Clients can also customize our recommended portfolios for their IRA or taxable accounts by increasing or decreasing portfolio allocations to the ETFs or investments in our recommended portfolio or by choosing from a list of available ETFs or other investments and requesting specific allocations to each. At account opening or anytime thereafter, Wealthfront Advisers allows Clients to update their settings to restrict Wealthfront Advisers from investing in the stock of public companies designated by the Client. The Risk Parity Fund may also be included in the plan for taxable Automated Investing Accounts with a minimum account size of \$100,000 if the Client so chooses.
4. In Stock Investing Account, Clients may request that Wealthfront Advisers undertake certain transactions, including the purchase and sale of securities.

Item 6 Portfolio Manager Selection and Evaluation

A. Modern Portfolio Theory ("MPT")

For Automated Investing Accounts, Wealthfront Advisers offers three types of recommended,

diversified, automated portfolios to clients with an IRA or taxable account: Classic portfolios, Socially Responsible portfolios, and Direct Indexing portfolios. Classic portfolios include allocations to preselected ETFs designed to provide a tradeoff between risk and long-term, after-tax, net-of-fee return through a diversified set of global asset classes. Socially Responsible portfolios are designed to offer similar risk-adjusted returns as our Classic portfolios with a focus on socially responsible investing (“SRI”). Although SRI does not have a single, agreed-upon definition, it may be described as an investment strategy that evaluates companies based on their benefit and/or detriment to society, rather than profits or intrinsic value alone. This concept comes from an ethical framework called “social responsibility,” in which individuals and corporations have an obligation to cooperate with others to benefit greater society. Some investors may take up SRI strategies due to a long-term belief in its investment value, and others may decide to use this strategy purely due to ethics. Direct Indexing portfolios use our US Direct Indexing service to replace the ETF that represents the US public equities asset class with individual securities that comprise up to 1,000 US stocks with the largest market capitalizations as a way of generating additional tax savings. Direct Indexing portfolios are available in taxable accounts that have between \$100,000 and \$500,000. As noted, Clients with Direct Indexing portfolios may specify US stocks they choose to restrict but may not customize the portfolio allocations in those accounts.

The composition of Classic, Socially Responsible, and Direct Indexing portfolios is based on Modern Portfolio Theory (“MPT”). MPT attempts to maximize a portfolio’s expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by selecting the proportions of various asset classes rather than selecting individual securities. Historically, rigorous MPT-based financial advice has been available primarily through certain high-end financial advisors. Wealthfront Advisers’ goal is to enable anyone with at least \$500 to access the benefits of MPT.

Prior to the launch of the Wealthfront Advisers software-based investment advisory service, it was not practical to offer rigorous and complete MPT to everyone because delivering a complete solution was too complex. Specifically, the number of calculations required to identify an optimized asset allocation, the ideal securities to represent each asset class, and an individual’s true risk tolerance are beyond the scope of free, web-based tools. The job becomes even more difficult when considering the importance of periodically rebalancing a portfolio to maintain a desired risk level.

To employ MPT properly, one must start with an accurate determination of an individual’s objective and subjective tolerance for risk. Achieving accuracy requires sophisticated software applied to more detailed questions than are typically asked by advisers. Based on this risk analysis, Wealthfront Advisers seeks to create an individualized investment plan using the optimal asset classes in which to invest, the most efficient and inexpensive ETFs to represent each of those asset classes, and the ideal mix of asset classes based on the Client’s specific risk tolerance. Wealthfront Advisers uses Mean Variance Optimization to rigorously evaluate every possible combination of the following twelve asset classes: US equities, foreign developed markets equities, emerging markets equities, dividend growth equities, real estate, natural resources, treasury inflation protected securities (TIPS), municipal bonds, corporate bonds, emerging markets bonds, risk parity and US government bonds. Mean Variance Optimization uses the expected return and volatility for each asset class and the covariance among asset classes to find the combination that delivers the highest possible return for any given standard deviation

of a portfolio's returns. Wealthfront Advisers however, must limit the number of assets classes for very small portfolios. Further, the risk parity asset class is only available to customized taxable Automated Investing Accounts with a minimum account size of \$100,000.

Wealthfront Advisers periodically reviews the entire population of more than 1,000 ETFs to identify the most appropriate ETFs to represent each asset class in our portfolios. We look for ETFs that minimize cost and tracking error and offer market liquidity. Many investors do not realize that ETFs do not exactly track the indexes they were created to mimic. Choosing an ETF with a low expense ratio that does not track the asset class recommended by our service runs the risk of sub-optimizing a Client's portfolio's performance. We choose ETFs that are expected to have sufficient liquidity to allow Client withdrawals at any time. Finally, we select ETFs that have conservative and shareholder-friendly securities lending policies.

In addition to choosing what we believe to be the best ETFs at the time, we explain why we chose each one. We provide a detailed analysis of how the selected ETF stacked up against the second and third best choice for each asset class on the dimensions described in the paragraph above.

Wealthfront Advisers continuously monitors our Clients' portfolios and periodically rebalances them back to the Clients' target mix in an effort to optimize returns for the intended level of risk. Wealthfront Advisers considers tax implications and the volatility associated with each of the chosen asset classes when deciding when and how to rebalance, however no assurance can be made by Wealthfront Advisers that Clients will not incur capital gains, and in certain instances significant capital gains, when Client portfolios are rebalanced periodically. Wealthfront Advisers assumes no responsibility to its Clients for any tax consequences of any transaction, including any capital gains that may result from the rebalancing of an Automated Investing Account.

B. Long Term, Buy and Hold Investment Philosophy

For Automated Investing Account, Wealthfront Advisers adheres to a long-term, "buy-and-hold" investment philosophy. While Wealthfront Advisers reserves the right to act otherwise if it feels that it is in the best interests of its Clients, Wealthfront Advisers does not try to time the market and in general, Wealthfront Advisers intentionally does not react to market movements in managing Client Accounts other than through rebalancing and tax-loss harvesting for taxable Automated Investing Accounts. Wealthfront Advisers believes that numerous academic and industry studies show that "short-term fluctuations in markets, which loom so large to investors, have little to do with the long-term accumulation of wealth." J. Siegel, *Stocks for the Long Run* (1977).

C. Automated Bond Portfolios

Automated Bond Portfolios include allocations to preselected bond ETFs that, based on a Client's tax situation (income, state of residence, and tax filing status), are designed to maximize after-tax yields for Clients. As with Wealthfront's other portfolios, Wealthfront Advisers selects optimal ETFs to achieve the portfolio's strategy, and we explain in white papers on our website the analysis underlying our selections.

D. Tax-Loss Harvesting (“TLH”)

TLH is a technique designed to help appropriately reduce a Client’s taxes while maintaining the expected risk and return profile of the Client’s portfolio. It harvests previously unrecognized investment losses to offset taxes due on your other gains and income by selling a security at loss to accelerate the realization of capital loss and investing the proceeds in a security with closely correlated risk and return characteristics. The realized loss can be applied to reduce the Client’s tax liability and the tax savings can be reinvested to grow the value of your portfolio. Wealthfront Advisers’ basic TLH strategy, which is only applied to ETFs, is available to Clients with a taxable Automated Investing Account. TLH is also available to Clients who customize our recommended portfolios as long as their allocations include eligible ETFs. Eligible ETFs are those for which we have identified an alternative ETF that tracks a different, but closely correlated index to maintain the risk and return characteristics of the Client’s portfolio. Advanced versions of TLH—such as Direct Indexing portfolios and Smart Beta—are available for Clients with larger account sizes and are generally applied to individual stocks that comprise the domestic equity allocation in their taxable account portfolios.

E. Customized Portfolios

Wealthfront Advisers offers a wider selection of ETFs and other investments to Clients who choose to customize our Classic or Socially Responsible portfolios in their IRA or taxable account. These ETFs and other investments may represent additional asset classes beyond the ones used in our recommended portfolios, or narrower subsets of these asset classes, allowing a more precise expression of Client investment preferences. We select these additional investments based on their overall level of risk, liquidity, tracking error to underlying indices (where applicable), cost of ownership, and popularity.

F. Risk Considerations

Wealthfront Advisers cannot guarantee any level of performance or that any Client will avoid a loss of Account assets. Also, to the extent that Client requests investments other than as recommended by Wealthfront Advisers, Client understands and agrees that such investments may be inconsistent with the Client’s investment profile. If Client has not provided sufficient, timely, or accurate information to Wealthfront Advisers, or if Client chooses not to follow Wealthfront Advisers’ recommendations and advice, Client’s investments may not achieve results consistent with Client’s investment profile. **Any investment in securities involves the possibility of financial loss that Clients should be prepared to bear.**

When evaluating risk, financial loss may be viewed differently by each Client and may depend on many different risk items, each of which may affect the probability of adverse consequences and the magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective Client before retaining Wealthfront Advisers’ services. These risks should be considered as possibilities, with additional regard to their actual probability of occurring and the effect on a Client if there is in fact an occurrence.

Market Risk – The price of any security or the value of an entire asset class can decline for a variety of reasons outside of Wealthfront Advisers’ control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. If a Client has a high allocation in a particular asset class, it may negatively affect overall performance to the extent that the asset class underperforms relative to other market assets. Conversely, a low allocation to a particular asset class that outperforms other asset classes in a particular period will cause that Client Account to underperform relative to the overall market.

Advisory Risk – There is no guarantee that Wealthfront Advisers’ judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. It is possible that Clients or Wealthfront Advisers itself may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to Wealthfront Advisers’ software-based investment advisory service. Wealthfront Advisers and its representatives are not responsible to any Client for losses unless caused by Wealthfront Advisers’ breach of its fiduciary duty.

Software Risk – Wealthfront Advisers delivers its investment advisory services entirely through software. Consequently, Wealthfront Advisers rigorously designs, develops and tests its software extensively before putting such software into production with actual Client Accounts and assets and periodically monitors the behaviors of such software after its deployment. Notwithstanding this rigorous design, development, testing and monitoring, it is possible that such software may not always perform exactly as intended or as disclosed on the Site, mobile app, blogs or other Wealthfront Advisers disclosure documents, especially in certain combinations of unusual circumstances. For example, there may be occasions where a number of Client Accounts may not experience TLH (even if TLH had been activated for such accounts) or rebalancing back to the Client’s target asset allocation for extended periods of time, due to certain errors in the deployment of the software. Wealthfront Advisers continuously strives to monitor, detect and correct any software that does not perform as expected or as disclosed.

Volatility and Correlation Risk – Wealthfront Advisers’ Security selection process is based in part on a careful evaluation of past price performance and volatility to evaluate future probabilities. It is possible that different or unrelated asset classes may exhibit similar price changes in similar directions which may adversely affect a Client’s account and may become more acute in times of market upheaval or high volatility. **Past performance is no guarantee of future results, and any historical returns, expected returns, or probability projections may not reflect actual future performance.**

Liquidity and Valuation Risk – High volatility and/or the lack of deep and active liquid markets for a security may prevent a Client from selling their securities at all, or at an advantageous time or price because Wealthfront Advisers’ executing broker-dealer may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. Some securities (including ETFs) that hold or trade financial instruments may be adversely affected by liquidity issues as they manage their portfolios. While Wealthfront Advisers values the securities held in Client Accounts based on reasonably available exchange traded security data, Wealthfront Advisers may from time to time receive or use inaccurate data, which could adversely affect security valuations, transaction size for purchases or sales, and/or the resulting

advisory fees paid by a Client to Wealthfront Advisers.

Credit Risk – Wealthfront Advisers cannot control, and Clients are exposed to the risk that, financial intermediaries or security issuers may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy or insolvency, any of which may affect portfolio values or management. This risk applies to assets on deposit with any broker-dealer, notwithstanding asset segregation and insurance requirements that are beneficial to broker-dealer clients generally. In addition, exchange trading venues or trade settlement and clearing intermediaries could experience adverse events that may temporarily or permanently limit trading or adversely affect the value of Client securities. Finally, any issuer of securities may experience a credit event that could impair or erase the value of the issuer’s securities held by a Client. Wealthfront Advisers seeks to limit credit risk by generally adhering to the purchase of ETFs, which are subject to regulatory limits on asset segregation and leverage such that fund shareholders are given liquidation priority versus the fund issuer; however, certain funds and products, which Wealthfront Advisers generally does not invest in, may involve higher issuer credit risk because they are not structured as a registered fund.

Legislative and Tax Risk - Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser / financial advisor or securities trading regulation; change in the US government’s guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations (particularly for ETF securities dealing in natural resources). Wealthfront Advisers does not engage in tax planning, and in certain circumstances a Client may incur taxable income on their investments without a cash distribution to pay the tax due.

Tax-Loss Harvesting Risk - Clients who activate our tax-loss harvesting service are alerted to the following risks:

- **Clients should confer with their personal tax advisor regarding the tax consequences of investing with Wealthfront Advisers and engaging in the tax-loss harvesting strategy, based on their particular circumstances.** Clients and their personal tax advisors are responsible for how the transactions in the Client’s account are reported to the Internal Revenue Service (“IRS”) or any other taxing authority. Wealthfront Advisers assumes no responsibility to you for the tax consequences of any transaction, including any capital gains and/or wash sales that may result from the tax-loss harvesting strategy.
- Wealthfront Advisers’ tax-loss harvesting strategy is not intended as tax advice, and Wealthfront Advisers does not represent in any manner that the tax consequences described will be obtained or that Wealthfront Advisers’ investment strategy will result in any particular tax consequence. The tax consequences of this strategy and other Wealthfront Advisers strategies are complex and may be subject to challenge by the IRS. This strategy was not developed to be used by, and it cannot be used by, any investor to avoid penalties or interest.
- When Wealthfront Advisers replaces investments with “similar” investments as part of the tax-loss harvesting strategy, it is a reference to investments that are expected, but are not guaranteed, to perform similarly and that might reduce a Client’s tax bill while

maintaining a similar expected risk and return on the Client's portfolio. **Expected returns and risk characteristics are no guarantee of actual performance.**

- A Client must notify Wealthfront Advisers of specific stocks in which the Client is prohibited from investing. If a Client instructs Wealthfront Advisers not to purchase certain stocks, Wealthfront Advisers will select an alternate stock to purchase on the Client's behalf or if Wealthfront Advisers deems no other stock as appropriate, not invest in an alternate stock. The Client shall notify Wealthfront Advisers immediately if you consider any investments recommended or made for the Account to violate such restrictions.
- The performance of the new securities purchased through the tax-loss harvesting service may be better or worse than the performance of the securities that are sold for tax-loss harvesting purposes.
- The effectiveness of the tax-loss harvesting strategy to reduce the tax liability of the Client will depend on the Client's entire tax and investment profile, including purchases and dispositions in a Client's (or Client's spouse's) accounts outside of Wealthfront Advisers and type of investments (e.g., taxable or nontaxable) or holding period (e.g., short-term or long-term). Clients who customize our recommended portfolios may also influence the effectiveness of the tax-loss harvesting strategy. For example, Clients who allocate significant portions of their portfolio to ETFs that are not currently supported for tax-loss harvesting may decrease the effectiveness of this service by reducing the number and/or amount of ETFs available for the strategy. The utilization of losses harvested through the strategy will depend upon the recognition of capital gains in the same or a future tax period, and in addition may be subject to limitations under applicable tax laws, e.g., if there are insufficient realized gains in the tax period, the use of harvested losses is limited to a \$3,000 deduction against ordinary income and distributions. Losses harvested through the strategy that are not utilized in the tax period when recognized (e.g., because of insufficient capital gains and/or significant capital loss carryforwards), generally may be carried forward to offset future capital gains, if any.
- Be aware that if the Client and/or the Client's spouse have other taxable or non-taxable investment accounts, and the Client holds in those accounts any of the securities (including options contracts) held in the Client's account at Wealthfront Advisers, the Client cannot trade any of those securities 30 days before or after Wealthfront Advisers trades those same securities as part of the tax-loss harvesting strategy to avoid possible wash sales and, as a result, a nullification of any tax benefits of the strategy. For more information on the wash sale rule, please read [IRS Publication 550](#).
- Wealthfront Advisers' tax-loss harvesting service is designed to avoid creating "wash sales" in Clients' accounts with Wealthfront Advisers. Clients, however, are responsible for monitoring their accounts outside of Wealthfront Advisers to ensure that transactions in the same security or a substantially identical security do not create a wash sale. A wash sale occurs when a taxpayer sells a security at a loss and then purchases the same security or a substantially similar security over a period of 61 days: the day of the sale, the 30 days before the sale, and the 30 days after the sale. If a wash sale occurs, the IRS may not allow or defer the loss for current tax reporting purposes. Wash sales can occur even if

the securities are sold and then bought in different accounts. Therefore Wealthfront Advisers may lack visibility to certain wash sales, should they occur as a result of transactions in external or unlinked accounts. Under those circumstances, Wealthfront Advisers may not be able to provide notice of such wash sale in advance of the Client's receipt of the IRS Form 1099.

- Except as set forth below, Wealthfront Advisers will monitor only a Client's accounts at Wealthfront Advisers to determine if there are unrealized losses for purposes of determining whether to harvest such losses. Transactions outside of accounts at Wealthfront Advisers may affect whether a loss is successfully harvested and, if so, whether that loss is usable by the Client in the most efficient manner.
- Under certain circumstances, there is a chance that Wealthfront Advisers trading attributed to tax-loss harvesting may create capital gains and/or wash sales. In addition, tax-loss harvesting strategies may produce losses, which may not be offset by sufficient gains in the account.
- From time to time, in order to mitigate wash sales risk, a Client's IRA Account might invest in a so-called "secondary" ETF (as identified in Wealthfront Advisers' TLH white paper) rather than a so-called "primary" ETF identified in such white paper or in the Client's plan.
- Not all the losses may be used to offset gains in the year they were recognized due to wash sales. Thus, wash sales can diminish the effectiveness of tax-loss harvesting by deferring to a future year a tax loss that could have been used to offset income or capital gains in the current year.

Potentially High Levels of Trading Risk - Certain situations, such as the simultaneous receipt of a high volume of Client deposits or withdrawal requests, can lead Wealthfront Advisers to engage in high levels of trading. High levels of trading could result in (a) bid--ask spread expense; (b) trade executions that may occur at prices beyond the bid--ask spread (if quantity demanded exceeds quantity available at the bid or ask); (c) trading that may adversely move prices, such that subsequent transactions occur at worse prices; (d) trading that may disqualify some dividends from qualified dividend treatment; unfulfilled orders or portfolio drift, in the event that markets are disorderly or trading halts altogether; and (f) unforeseen trading errors.

Foreign Investing and Emerging Markets Risk - Foreign investing involves risks not typically associated with US investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries. In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors not present in the US, such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than US accounting practices and foreign regulation

may be inadequate or irregular.

ETF Risks, including Net Asset Valuations and Tracking Error - ETF performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because 1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and 3) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depositary Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange traded equity securities, and for which market quotations or valuation may be limited or inaccurate.

Clients should be aware that to the extent they invest in ETF securities they will pay two levels of advisory compensation – advisory fees charged by Wealthfront Advisers plus any management fees charged by the issuer of the ETF. This scenario may cause a higher advisory cost (and potentially lower investment returns) than if a Client purchased the ETF directly.

An ETF typically includes embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Expenses of the fund may include ETF 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. Wealthfront Advisers discloses each ETF's current information, including expenses, on the Site. ETF tracking error and expenses may vary.

Socially Responsible Investing Risk - Clients who select Wealthfront Advisers' Socially Responsible portfolio or who customize their portfolio to include SRI investments may choose such investments based on their benefit and/or detriment to society, rather than profits or intrinsic value alone. This may result in lower returns for the Client compared to a Classic portfolio or Direct Indexing. This may also reduce a Client Account's exposure to certain sectors or types of investments, which could negatively impact the Client Account's performance. Additionally, a Client may disagree with the SRI classification of an issuer by our data provider. SRI norms differ by region, and an issuer's practices may change over time. Accordingly, if an investment no longer meets the criteria for SRI, Wealthfront Advisers may be required to sell the investment at a disadvantageous price or time.

Exposure to Digital Assets through Statutory Trusts - Wealthfront Advisers offers long-term exposure to digital assets through investments in certain statutory trusts. The term digital asset refers to an asset that is issued and/or transferred using distributed ledger or blockchain technology, including, but not limited to, so-called "virtual currencies," "coins," and "tokens." Although Wealthfront Advisers does not offer direct investment in digital assets, Clients opting to customize their portfolios may include an allocation of up to 10% of their total portfolio value to statutory trusts that hold digital assets ("Digital Assets Trusts").

Unlike ETFs, Digital Assets Trusts may lack efficient creation and redemption mechanisms. As a result, the price of Digital Assets Trusts can differ significantly from the value of the underlying

digital assets. Further, because of the nature of underlying digital assets and their markets, investments in Digital Assets Trusts (and cryptocurrencies themselves) may be significantly more volatile than most securities-based ETFs, and are not suitable for all investors. Digital Assets Trusts may be significantly riskier than investments in more traditional assets like stocks, bonds, mutual funds, or ETFs. The price history of a Digital Assets Trusts may not be reflective of its future price potential, and digital asset investors should be able to withstand significant if not complete loss of invested capital.

Inflation, Currency, and Interest Rate Risks - Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. In addition, the relative value of the US dollar-denominated assets primarily managed by Wealthfront Advisers may be affected by the risk that currency devaluations affect Client purchasing power.

Risks Relating to Investment in a Concentrated Number of Securities or to Investment in Only One Industry Sector (or in Only a Few Sectors) - When strategies invest in a concentrated number of securities, a decline in the value of these securities would cause your overall account value to decline to a greater degree than that of a less concentrated portfolio. Strategies that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than strategies that diversify among a broad range of sectors.

Partial or Fractional Shares - Wealthfront does not currently support ownership of partial or fractional shares for Automated Investing Accounts. Without fractional shares, it may be more difficult to achieve a diversified portfolio because the price of a single share of a given security may be high and may deplete the budget available to build a diversified portfolio. At the same time, without fractional shares, Clients may hold more cash than may be advisable because of the high price of buying a whole share of a given security.

College Savings Account Risks - 529 Accounts are subject to various risks, including but not limited to:

Special Nature of Plan Interests - The Client and the Client's beneficiary do not have access or rights to any assets of the state sponsoring our 529 Plan or any assets of the state trust of the Section 529 college savings plan (a "Plan") other than the assets credited to the Client's account for that beneficiary. The 529 Account is an investment vehicle. 529 Accounts are subject to certain risks including: (i) the possibility that the Client may lose money over short or even long periods of time; (ii) the risk of changes in applicable federal and state tax laws and regulations; (iii) the risk of Plan changes including changes in fees and expenses; and (iv) the risk that contributions to the 529 Account may adversely affect the eligibility of the beneficiary or the Client for financial aid or other benefits. Some MFSs in a Client's 529 Account carry more and/or different risks than others. Clients should weigh such risks with the understanding that they could arise at any time during the life of the Client's account.

Municipal Fund Securities - When the Client contributes to the 529 Account, the Client's

money will be invested in MFSs. An investment in the Client's 529 Account is not a bank deposit. None of the Client's account, the principal the Client invests, nor any investment return is insured or guaranteed by (i) any state or any state agencies, instrumentalities or funds, (ii) any officer, official, staff member of any state, (iii) any Plan or any program manager of any such Plan, (iv) any board of any state trust issuing MFSs for a Plan (a "Board"), (v) any such state trust (as "State Trust"), (vi) Wealthfront Advisers, (vii) each of their respective affiliates, officials, officers, directors, employees and representatives, (viii) the federal government, (ix) the Federal Deposit Insurance Corporation ("FDIC"), or (x) any other governmental agency. Investment returns will vary depending upon the performance of the designated portfolios in the Client's account. A Client could lose all or a portion of the Client's investment.

Relatively Short Investment Time Horizon - Relative to investing for retirement, the holding period for college savings investors is very short (e.g., 10 years versus 60 years). Also, the need for liquidity during the withdrawal phase (to pay for qualified higher education expenses) generally is very important. Clients should strongly consider the level of risk they wish to assume when completing the risk questionnaire upon account opening.

Limited Investment Direction - Clients may not direct the underlying investments in their 529 Account. The ongoing money management is the responsibility of Wealthfront Advisers. The only manner in which Clients can affect the money management is to change their risk score, which is limited to two times per year, or upon the change of the beneficiary. Once the permitted two per calendar year risk score changes are made in the Client's account, a subsequent risk score change in the Client's account within the same calendar year will not be processed. The choice of the underlying investments of the MFSs is subject to the approval of the Board. Automatic investment exchanges that occur as the Client's assets move through the glide path do not count towards the Client's twice per calendar year investment exchange limit.

Liquidity Risk - Investments in a Plan are considered less liquid than other types of investments (e.g., investments in mutual fund shares) because the circumstances in which a Client may withdraw money from a Plan account without a penalty or adverse tax consequences are significantly more limited.

Potential Changes to the Plan - Boards generally reserve the right, in their sole discretion, to discontinue the Plan or to change any aspect of the Plan. For example, the Board may change the Plan's fees and expenses; add, subtract, or merge the MFSs; close a MFS to new investors; or change the program manager or the underlying investment(s) of a MFS. Depending on the nature of the change, a Client may be required to, or prohibited from, participating in the change with respect to accounts established before the change. A particular program manager may not necessarily continue as the Plan's program manager, and Wealthfront Advisers may not necessarily continue as investment adviser and distributor to a Plan (although Wealthfront Advisers will continue as the Client's investment adviser until either Wealthfront Advisers or the Client terminates that investment advisory relationship).

Changes to a Plan may or may not be beneficial to Clients. The Board may terminate the

Plan by giving written notice to the Client, but even if the Board terminates the Plan, the Client and the Client's beneficiary's rights to the Client's account assets will be unaffected. An MFS may be temporarily uninvested during a transition from one investment underlying an MFS to another underlying investment. The transaction costs associated with any liquidation, as well as any market impact on the value of the securities being liquidated, will be borne by the MFS which ultimately may impact the individual portfolios holding that MFS.

Status of Federal and State Law and Regulations Governing a Plan - Federal and state law and regulations governing the administration of Plans could change in the future. In addition, federal and state laws on related matters, such as the funding of higher education expenses, treatment of financial aid, and tax matters are subject to frequent change. It is unknown what effect these kinds of changes could have on a 529 Account. Clients should also consider the potential impact of any other state laws on their account. Clients should consult their tax advisor for more information.

Eligibility for Financial Aid - The treatment of 529 Account assets may have an adverse effect on the beneficiary's eligibility to receive assistance under various federal, state, and institutional financial aid programs.

No Guarantee That Investments Will Cover Qualified Higher Education Expenses; Inflation and Qualified Higher Education Expenses - There is no guarantee that the money in a Client's 529 Account will be sufficient to cover all of a beneficiary's qualified higher education expenses, even if contributions are made in the maximum allowable amount for the beneficiary. The future rate of increase in qualified higher education expenses is uncertain and could exceed the rate of investment return earned by a Plan account over any relevant period of time.

Investors in any Plan should read the Plan's offering documents and any related participation agreement carefully before investing or sending money. For more information on risks related to 529 Accounts, see the "Plan Risks" section of the Wealthfront 529 College Savings Plan Description and Participation Agreement.

Portfolio Line of Credit - Qualified clients who choose to use Wealthfront Brokerage's PLOC are alerted to the following risks:

- PLOC is a margin loan product offered by Wealthfront Brokerage exclusively to Clients of Wealthfront Advisers with a fully discretionary, taxable account by Wealthfront Advisers and who meet other minimum account thresholds. Clients should review the risks listed below and in Wealthfront Brokerage's Margin Handbook, and consider them before borrowing. For the purposes of this document, Client Accounts utilizing the PLOC may be referred to as "margin accounts."
- Clients who utilize margin loans can lose more funds than deposited in their margin accounts. In addition, a decline in the value of the securities in margin accounts may require such Clients to provide Wealthfront Brokerage with additional funds to avoid the forced sale of securities or other securities or assets in their margin accounts. This is called a "margin call."

- Wealthfront Brokerage can issue a margin call and force the sale of securities in Client margin accounts if the equity in a Client margin account falls below the minimum requirement described in our [Margin Handbook](#). Wealthfront Brokerage can sell the securities in any of the Client's margin accounts held with Wealthfront Brokerage to cover the margin deficiency. Clients also will be responsible for any shortfall in the margin account after such a sale.
- Wealthfront Brokerage notifies Clients whose portfolio balances approach our minimum margin requirement well before a margin call is likely to happen even though such notice is not strictly required. Unless such Clients pay back their loan or a portion of it, Wealthfront Brokerage can sell Client securities in margin accounts without further contacting the Client if the margin account falls below our minimum margin requirement. Even if Wealthfront Brokerage has contacted a Client and provided a specific date by which the Client can meet a margin call, Wealthfront Brokerage can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the Client.
- In the event it is necessary to sell securities to meet minimum margin requirements, Wealthfront Advisers will automatically liquidate securities to cover the minimum margin requirements while also maintaining appropriate asset allocations in the Client's portfolio. Clients are not entitled to choose which securities in their account(s) are liquidated or sold to meet a margin call.
- Wealthfront Brokerage can increase its minimum margin requirements at any time and is not required to provide advance written notice to Clients. These changes in Wealthfront Brokerage's policy often take effect immediately and may result in the issuance of a maintenance margin call. A Client failure to satisfy the call will cause Wealthfront Brokerage to liquidate or sell securities in Client margin accounts.
- Clients are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available to a Client under certain conditions, a Client does not have a right to the extension.

Item 7 Client Information Provided to Portfolio Managers

On a periodic basis, Wealthfront Advisers contacts each Client to remind them to review and update the investment profile information they previously provided. Wealthfront Advisers also requests that Clients reconfirm the same information on an annual basis. These notifications and confirmations include a link to the Client's current information and contact information for the Wealthfront Advisers support team. Currently the Wealthfront Advisers team members whose tasks include supervising, arranging and responding to these notifications, confirmations and reviews are: the Client Services Manager and the Client Services team.

Wealthfront Advisers conducts separate reviews related to the ETFs and other investments used for Client portfolios. Wealthfront Advisers' Investment Committee, a committee of certain Wealthfront Advisers officers who are not members of the Wealthfront Advisers investment

research team, approves these reviews. The committee has the authority, if necessary, to remove, add or replace an ETF or other investments from the portfolios advised by Wealthfront Advisers.

Item 8 Client Contact with Portfolio Managers

All client contacts and communications regarding participation in the Wealthfront Advisers Program will occur through contact with Wealthfront Advisers via email, the Site or the App. If Client changes Client's investment profile information, Wealthfront Advisers will promptly make any appropriate changes to Client's Account portfolio. See Item 16 in Wealthfront Advisers' Form ADV Part 2A brochure for a description of Wealthfront Advisers' discretionary investment authority, including the timing of Wealthfront Advisers' placement of trade orders, for while Wealthfront Advisers seeks to respond to Client deposits, Client changes in risk profiles, Client withdrawal requests, including without limitation requests in connection with terminations, and other reasonable Client requests in a timely and reasonable manner, Wealthfront Advisers does not represent or guarantee that Wealthfront Advisers will respond to any such Client actions or requests immediately or in accordance with a set time schedule.

Item 9 Additional Information

A. Disciplinary Information

On December 21, 2018, Wealthfront Advisers reached a settlement with the Securities and Exchange Commission. The settlement order found that Wealthfront Advisers improperly retweeted certain clients' positive tweets from its corporate account and compensated certain bloggers for client referrals without proper disclosures. Additionally, the settlement order found that Wealthfront Advisers did not have proper disclosures in its TLH white paper concerning monitoring for any and all wash sales that could occur in client accounts. A wash sale prevents the tax benefit of having sold the asset to realize a loss. Thus, a wash sale can diminish the effectiveness of TLH by deferring to a future year a tax loss that could have been used to offset income or capital gains in the current year. In Wealthfront's TLH program, wash sales could occur, or were permitted, in certain circumstances relating to the management of a client account such as rebalancing a client portfolio or client directed transactions. The SEC order noted that a significant percentage of client accounts enrolled in Wealthfront Advisers' TLH strategy experienced wash sales in the period from October 2012 to May 2016 and that wash sales represented approximately 2.3% of tax losses harvested for clients in the period from January 2014 to December 2016.

The settlement order found that Wealthfront Advisers violated the antifraud, advertising, compliance, and other provisions of the Investment Advisers Act of 1940. Without admitting or denying the SEC's findings, Wealthfront Advisers consented to the entry of the SEC's order censuring it, requiring it to cease and desist from further violations, and imposing a \$250,000 penalty.

B. Other Financial Industry Activities and Affiliations

Wealthfront Advisers uses its affiliate, Wealthfront Brokerage, to effect transactions on behalf of Wealthfront Advisers' Clients for non-529 Accounts. Wealthfront Brokerage is both a carrying and introducing broker registered with the FINRA and the SEC, whose sole purpose is to service

Wealthfront Advisers' Clients and carry accounts that Wealthfront Advisers manages pursuant to fully discretionary and limited discretionary authority granted to Wealthfront Advisers by its Clients. For Accounts other than 529 Accounts, Wealthfront Brokerage, as a broker-dealer, has entered into an omnibus clearing agreement with RBC Clearing & Custody ("RBC," or "Clearing Broker"). Wealthfront Brokerage instructs the Clearing Broker on behalf of Wealthfront Advisers to clear and settle Wealthfront Advisers Client transactions on an omnibus basis for Client securities orders that Wealthfront Brokerage currently places with either Citadel LLC, Virtu Financial, or GTS Securities LLC (the "Approved Brokers"). The Clearing Broker also has omnibus custody of Client cash balances and securities positions.

Wealthfront Brokerage also exclusively offers its PLOC to eligible Wealthfront Advisers' Clients who meet certain minimum account thresholds.

For taxable Automated Investing Accounts with a minimum account size of \$100,000, Wealthfront Advisers also offers the opportunity to include an allocation to the Risk Parity Fund, a proprietary mutual fund managed by Wealthfront Strategies. Client allocations to the Risk Parity Fund are subject to an annual 0.25% fee charged by Wealthfront Strategies. This fee is in addition to the advisory fee Clients pay to Wealthfront Advisers for managing their portfolio. Offering a proprietary mutual fund to our Clients may create a conflict of interest because assets invested in the Risk Parity Fund are subject to higher fees, creating an incentive for Wealthfront Advisers to allocate more capital to the Risk Parity Fund. We address this conflict by no longer offering the Risk Parity Fund as part of our recommended portfolios. Instead, Clients opening new accounts may only add the Wealthfront Risk Parity Fund to their portfolios through our customization capability. For Clients who previously opted into the Wealthfront Risk Parity Fund in a recommended portfolios, we address this conflict by limiting such Clients' allocation to the Risk Parity Fund to 20% of their portfolio. In addition, Clients who have chosen a Risk Parity Fund allocation may sell such allocation at any time. As a proprietary fund, the Risk Parity Fund may not be transferred away from Wealthfront to another institution unless certain conditions are met.

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

Wealthfront Advisers' paramount ethical, professional, and legal duty is to act at all times as a fiduciary to its Clients. This means that Wealthfront Advisers puts the interests of its Clients ahead of its own, and carefully manages for any perceived or actual conflict of interest that may arise in relation to its advisory services. Wealthfront Advisers has adopted a Code of Ethics, which is designed to ensure that we meet our fiduciary obligation to Clients, enhance our culture of compliance within the firm, and detect and prevent any violations of securities laws.

Wealthfront Advisers' Code of Ethics (the "Code") establishes standards of conduct for all Wealthfront Advisers' employees, including all officers, directors, employees, certain contractors and others ("Access Persons"), and is consistent with the code of ethics requirements of Rule 204A-1 under the Investment Advisers Act of 1940, as amended. The Code includes general requirements that all Access Persons comply with their fiduciary obligations to Clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest, and confidentiality of client information.

Each new Wealthfront Advisers' Access Person receives a copy of the Code after obtaining access to company systems. Wealthfront Advisers sends copies of any amendments to the Code to all Access Persons, who must acknowledge in writing having received the Code and the amendments. Annually or as otherwise required, each Access Person must confirm to Wealthfront Advisers that they have complied with the Code during such preceding period.

Wealthfront Advisers' Access Persons may personally invest in securities recommended by Wealthfront Advisers, specifically the ETFs or other investments recommended for each asset class and individual large and mid-capitalization stocks recommended for advanced forms of TLH. Wealthfront Advisers' Access Persons may also buy or sell specific securities for their own accounts that are not purchased or sold ahead of Clients. Wealthfront Advisers monitors the securities transactions of all Access Persons to determine whether there have been any improper use of client trading information by Access Persons. It also requires all Access Persons to report any violations of the Code promptly to Wealthfront Advisers' Chief Compliance Officer. The complete Code of Ethics is available to any client or prospective Client upon request.

D. Review of Accounts

Wealthfront Advisers provides all Clients with continuous access via the Site where Clients can access their Account documents, such as account statements, and review their time-weighted and money-weighted returns. Clients also receive periodic e-mail communications describing portfolio performance, Account information, and product features.

Wealthfront Advisers software-based investment advisory service assumes a Client's Automated Investing Account will not stay optimized over time and must be periodically rebalanced back to its target allocation. Wealthfront Advisers' software continuously monitors and periodically rebalances each Client's portfolio that is fully-discretionary. Wealthfront Advisers also conducts reviews when Clients make changes to their risk profiles. Wealthfront Advisers considers tax implications and the volatility associated with each of the chosen asset classes when deciding when and how to rebalance, however no assurance can be made by Wealthfront Advisers that Clients will not incur capital gains, and in certain instances significant capital gains, when Client portfolios are rebalanced periodically. Wealthfront Advisers assumes no responsibility to its Clients for any tax consequences of any transaction, including any capital gains that may result from the rebalancing of Client Accounts.

On a periodic basis, Wealthfront Advisers contacts each Client to remind them to review and update personal profile information they previously provided. Wealthfront Advisers also requests that Clients reconfirm the same information on an annual basis. These notifications and confirmations include a link to the Client's current information and contact information for the Wealthfront Advisers support team. Currently the Wealthfront Advisers team members whose tasks include supervising, arranging and responding to these notifications, confirmations and reviews are the Product Support team.

Wealthfront Advisers' Investment Committee (the "Committee"), a committee of certain Wealthfront Advisers officers who are not members of Wealthfront Advisers' investment research team, conducts and approves separate reviews related to the securities used for Client portfolios. The Committee has the authority, if necessary, to remove, add, or replace securities or

other investments from portfolios held at Wealthfront Advisers.

E. Client Referrals and Other Compensation

Wealthfront Advisers expects from time to time to run promotional campaigns to measure interest and to attract Clients to open Accounts on the Site. These promotions may include, but are not limited to, referral programs pursuant to which Clients, or third parties, invite non-Clients to open an account with Wealthfront Advisers. These promotions may also include additional Account services or products offered on a limited basis to select Clients, different fee arrangement structures, which could include more favorable fee arrangements, a higher interest rate, cash compensation, reduced or waived advisory fees for Clients, and/or periodic, flat fees for certain advisory or account services.

These arrangements may create an incentive for a third party or other existing Client to refer prospective Clients to Wealthfront Advisers, even if the third party would otherwise not make the referral. These arrangements may also create a conflict of interest for a Client to maintain a certain level of assets managed through Wealthfront Advisers if doing so would result in eligibility to receive an incentive, bonus, or additional compensation.

Wealthfront Advisers compensates third parties to create and share advertising materials regardless of whether an individual funds an Account. Additionally, in certain instances, Wealthfront Brokerage provides Wealthfront Advisers' Clients compensation as a promotional offer to open accounts at Wealthfront Brokerage.

F. Financial Information

Wealthfront Advisers does not require or solicit the prepayment of any 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.



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Wealthfront Advisers 529 College Savings Plan Wrap Fee Program Brochure

October 27, 2023

Item 1 Cover Page

This Wealthfront Advisers 529 College Savings Plan Wrap Fee Program Brochure (“Brochure”) provides information about the qualifications and business practices of Wealthfront Advisers LLC (“Wealthfront Advisers” or “we” or “us”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”), in respect of the Wealthfront Advisers 529 College Savings Plan (the “Plan”). Registration does not imply a certain level of skill or training but only indicates that Wealthfront Advisers has registered its business with state and federal regulatory authorities, including the SEC (our SEC number is 801-69766). The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

If you have any questions about the contents of this Brochure, please contact us at 844-995-8437 or support@wealthfront.com. Additional information about Wealthfront Advisers is also available on the SEC’s website at www.adviserinfo.sec.gov and on Wealthfront Advisers’ website, www.wealthfront.com.

Item 2 Material Changes

Since the last updating amendment to Wealthfront Advisers' Form ADV Part 2 brochure on October 28, 2022, there are no material changes to this 529 College Savings Plan Wrap Fee Program Brochure.

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Item 4 Services, Fees and Compensation

A. General Description of the Company

Wealthfront Advisers is an automated investment adviser registered with the SEC. Wealthfront Advisers sponsors software-based investment advisory and portfolio management services for its clients in respect of the Plan through the Wealthfront Advisers 529 Wrap Fee Program. This program is made available via accounts that all clients open at Wealthfront Brokerage LLC (“Wealthfront Brokerage”), a member of Financial Industry Regulatory Authority (“FINRA”). Wealthfront Advisers became the successor investment adviser to Wealthfront Inc. effective August 1, 2018. On the same date, Wealthfront Inc. changed its name to Wealthfront Corporation. Software-based financial planning tools and services are provided by Wealthfront Software LLC (“Wealthfront Software”). Wealthfront Advisers, Wealthfront Brokerage and Wealthfront Software are wholly owned subsidiaries of Wealthfront Corporation, which is a privately held company headquartered in Palo Alto, CA. Additional information about Wealthfront Advisers’ products, structure and directors is provided on Part 1 and Part 2 of Wealthfront Advisers’ Form ADV which is available online at www.adviserinfo.sec.gov. We encourage visiting our website www.wealthfront.com/529 or our related mobile application (the “Site” or the “App”) for additional information about the firm and the Plan.

B. 529 Plans

The Plan is a “529 plan,” i.e., a qualified tuition program sponsored by a state and established under and operated in accordance with Section 529 of the Internal Revenue Code. 529 plans help families save for future college costs. They enable individuals and certain trusts to accumulate savings for qualifying higher education costs of beneficiaries by purchasing interests in a state-created 529 plan trust, which interests are “municipal fund securities.” Proceeds from sales of the state-created 529 plan trust interests are in turn invested in one or more investments. Any earnings on these interests are tax deferred and may be withdrawn on a tax-free basis if used to pay for a qualified higher education expense.

C. Summary of Wealthfront Advisers’ 529 Investment Advisory Services

Wealthfront Advisers offers a unique automated investment advisory service based on Modern Portfolio Theory (“MPT”) that makes it possible for anyone who enters into a Wealthfront Advisers 529 College Plan Client Agreement (the “529 Client Agreement”), to access state-of-the-art investment advisory and portfolio management services in the context of a 529 plan. As provided in the 529 Client Agreement, advisory clients (“Clients”) grant Wealthfront Advisers discretionary authority to manage Client assets in accounts (“Client Accounts” or “Accounts”) opened and maintained at Wealthfront Brokerage pursuant to the Wealthfront Brokerage Customer Brokerage and Custody Agreement (the “Brokerage Agreement”), through which Wealthfront Brokerage provides the necessary basic brokerage services to the Clients. Clients are also required to enter into a Participation Agreement (“Participation Agreement”) with the state 529 plan trust in order to establish the Client’s 529 account. Wealthfront Advisers’ investment objective is to seek maximum long-term, risk-adjusted, after-tax, net of fee returns.

D. Tailored Services and Investment Restrictions

Wealthfront Advisers tailors its software-based 529 College Plan investment advisory services to the individual needs of each of its Clients. Wealthfront Advisers uses its software, which is based on academic behavioral economics research, to determine an investor's risk tolerance. Wealthfront Advisers asks each prospective Client a series of questions to evaluate both the individual's objective capacity to take risk and subjective willingness to take risk. We ask subjective risk questions to determine both the level of risk an individual is willing to take and the consistency among the answers. For example, if an individual is willing to take a lot of risk in one case and very little in another, then the individual is deemed inconsistent and is therefore assigned a lower risk tolerance score than the simple weighted average of their answers. We ask objective questions to estimate with as few questions as possible whether the Client is likely to have enough money saved at the time of matriculation by the Client's beneficiary ("Beneficiary"), in order to afford the Beneficiary's likely spending needs. The greater the excess income, the more risk the Client is able to take. Clients may not specify investments in which Client Account may not invest.

Each individualized 529 portfolio is designed to be consistent with the Clients' investment objectives and risk tolerances. Wealthfront Advisers creates an investment plan and manage a Client's 529 portfolio by seeking to identify: 1) the optimal asset classes in which to invest, 2) the most efficient exchange traded funds ("ETFs") or other investments to represent each of those asset classes, 3) the ideal mix of asset classes based on the Client's specific risk tolerance, and 4) the most appropriate time to rebalance the Client's portfolio to maintain intended risk tolerance and optimal return for the Client's risk level.

Under the Plan, Wealthfront Advisers constructs a portfolio for its Client using up to nine separate municipal fund securities, each of which contains a single underlying ETF representing a separate asset class. Wealthfront Advisers designs the Client's portfolio to provide a diversified asset allocation based on the Client's individual risk tolerance as reflected by the Client's risk score, which is determined by the Client's responses to a risk questionnaire completed during the application process. Using the risk score, Wealthfront Advisers assigns the Client's portfolio to one out of 20 "glide paths," each of which determines how the Client's portfolio's allocations of municipal fund securities will change over time. Each glide path gradually shifts the asset allocations of the municipal fund securities in the Client's portfolio to progressively decreasing levels of expected risk as the expected matriculation date of the Beneficiary approaches. The Client's starting point along the specific glide path is determined by the Beneficiary's expected matriculation date. Thus, two Clients with identical risk scores and Beneficiaries of different ages will transition along the same glide path but will start at different points on the glide path due to the different investment time horizons.

E. 529 Wrap Fee Program

Under the Plan, Client assets are managed by Wealthfront Advisers as part of Wealthfront Advisers' 529 Wrap Fee Program. A wrap account is a professionally managed investment plan in which all expenses, including brokerage commissions (if any), management fees, and administrative costs, are "wrapped" into a single charge. Wealthfront Advisers' 529 Wrap Fee Program provides Clients investment plans, portfolio management, and necessary basic brokerage services for one comprehensive fee based on a percentage of individual account assets.

Wealthfront Advisers may buy or sell securities consistent with a Client's investment plan designed to seek an investment return suitable to the goals and risk profile of each distinct Client Account. Wealthfront Advisers determines an appropriate course of action by performing a review of each Client's individual account and suitability parameters. This review may include type of account, goals, overall financial condition, income, assets, risk tolerance and other factors unique to the individual Client's situation. Wealthfront Advisers manages each Client Account on an individualized basis.

In order to implement Wealthfront Advisers' continuous investment advice, Wealthfront Advisers provides investment advisory and portfolio management services under the 529 Wrap Fee Program only on a discretionary basis.

F. 529 Advisory Fees

Wealthfront Advisers is compensated for its 529 advisory services by charging a fee based on the net market value of a Client's Account. Wealthfront Advisers reserves the right, in its sole discretion, to reduce or waive the advisory fee for certain Client Accounts for any period of time determined by Wealthfront Advisers. In addition, Wealthfront Advisers may reduce or waive its fees for the Accounts of some Clients without notice to, or fee adjustment for, other Clients.

Wealthfront Advisers currently charges an annualized investment advisory fee of 0.25% on net market value of a Client's Account. Annual fees are charged on a monthly basis as explained below.

Wealthfront Advisers' investment advisory fees are not charged in advance and are calculated on a continuous basis and deducted from Client Accounts each month as follows: Wealthfront Advisers calculates a daily advisory fee, which is equal to the fee rate multiplied by the net market value of the Client's Account as of the close of trading on the New York Stock Exchange ("NYSE") (herein, "close of markets") on such day, or as of the close of markets on the immediately preceding trading day for any day when the NYSE is closed, and then divided by 365 (or 366 in any leap year). The advisory fee for a calendar month is equal to the total of the daily fees calculated during that month and is deducted from Client Accounts no later than the tenth business day of the following month. Wealthfront Advisers waives its investment advisory fees on the first \$25,000 it manages for Nevada residents who open a 529 Account, and this fee waiver applies to the aggregate of all of the Nevada resident's Wealthfront Advisers account assets

Wealthfront Advisers may pay Wealthfront Brokerage amounts out of the proceeds of the Wealthfront Advisers advisory fee pursuant to an agreement between Wealthfront Advisers and Wealthfront Brokerage.

G. Other 529 Account Fees

In addition to advisory fees, Clients may also pay other fees or expenses to third-parties. The issuer of some of the securities or products we purchase for Clients, such as Plan municipal fund securities, ETFs or other similar financial products, may charge product fees that affect Clients. Wealthfront Advisers does not charge these fees to Clients and does not benefit directly or

indirectly from any such fees. A Plan municipal fund security or an ETF typically includes embedded expenses that may reduce the Plan municipal fund security's or ETF's net asset values, and therefore may directly affect the Plan municipal fund security's or ETF's performances and indirectly affect a Client's portfolio performance or an index benchmark comparison. Expenses of a municipal fund security may include an administrative/recordkeeping fee and a state fee, and expenses of an ETF may include management fees, custodian fees, brokerage commissions, and legal and accounting fees. Municipal fund security expenses may change from time to time at the sole discretion of the 529 state trust, and ETF expenses may change from time to time at the sole discretion of the ETF issuer. Wealthfront Advisers discloses each municipal fund security's and ETF's current information, including expenses, on the Site.

Item 5 Account Requirements and Types of Clients

The minimum amount required to open and maintain a Plan Account is \$500. Clients can be individuals or certain trusts. Clients have real-time access to their Accounts through the Site. Additional requirements for opening an Account with Wealthfront Advisers are described in Item 4, above.

At any time, a Client may terminate an Account, or withdraw all or part of an Account, or update their investment risk profile (but may change their profile only up to two times per year or upon an eligible change of Beneficiary), which may initiate an adjustment in the Accounts' holdings. In that case, unless otherwise directed by the Client, Wealthfront Advisers will redeem or sell the securities in the Client Account (or portion of the Account, in the case of a partial withdrawal or update) at market prices at the time of the termination, withdrawal or update.

Investors evaluating Wealthfront Advisers' software based 529 investment advisory service should be aware that Wealthfront Advisers' relationship with Clients is likely to be different from the "traditional" investment advisory relationship in several aspects:

- A. Wealthfront Advisers is a software-based investment adviser, which means each Client must acknowledge their ability and willingness to conduct their relationship with Wealthfront Advisers on an electronic basis. Under the terms of the 529 Client Agreement and the Brokerage Agreement, each Client agrees to receive all Account information and Account documents (including this Brochure), and any updates or changes to same, through their access to the Site and Wealthfront Advisers' electronic communications. Unless noted otherwise on the Site or within this Brochure, Wealthfront Advisers' investment advisory service, Wealthfront Brokerage's brokerage services, the signatures for the 529 Client Agreement, the Brokerage Agreement, the Participation Agreement, and all documentation related to the advisory and brokerage services are managed electronically. Wealthfront Advisers does make individual representatives available to discuss servicing matters with Clients.
- B. To provide its investment advisory services and tailor its investment decisions to each Client's specific needs, Wealthfront Advisers collects information from each Client, including specific information about their investing profile such as financial situation, risk tolerance, and investment objectives. Wealthfront Advisers maintains this information in strict confidence

subject to its Privacy Policy, which is provided on the Site. (The Plan's recordkeeper and custodian and the issuer of the Securities in which the Client will invest pursuant to the Plan will have access to Client's non-public personal and financial information that Client furnishes to Wealthfront Advisers) When tailoring its investment solutions, Wealthfront Advisers relies upon the information received from a Client. Although Wealthfront Advisers contacts its Clients periodically as described further in Item 7 below, a Client must promptly notify Wealthfront Advisers of any change in their financial situation or investment objectives that might require a review or revision of their Account's portfolio.

C. Clients may not place orders to purchase or sell securities on a self-directed basis.

Item 6 Methods of Analysis, Investment Strategies and Risk Considerations

For its software-based 529 investment advisory service, Wealthfront Advisers provides Clients with investment advisory service that is based on MPT. MPT attempts to maximize a portfolio's expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by selecting the proportions of various asset classes rather than selecting individual securities. Historically, rigorous MPT-based financial advice has only been available through high-end financial advisors. Wealthfront Advisers' goal is to enable anyone with at least \$500 to access the benefits of MPT.

Prior to the launch of the Wealthfront Advisers software-based investment advisory service, it was not practical to offer rigorous and complete MPT to everyone because delivering a complete solution was too complex. Specifically, the number of calculations required to identify an optimized asset allocation, the ideal securities to represent each asset class, and an individual's true risk tolerance are beyond the scope of free, web-based tools. The job becomes even more difficult when considering the importance of periodically rebalancing a portfolio to maintain a desired risk level.

To employ MPT properly, one must start with an accurate determination of an individual's objective and subjective tolerance for risk. Achieving accuracy requires sophisticated software applied to more detailed questions than are typically asked by advisers. Based on this risk analysis, Wealthfront Advisers seeks to create an individualized investment plan using the optimal asset classes in which to invest, the most efficient and inexpensive ETFs (to underlie the Plan's municipal fund securities) to represent each of those asset classes, and the ideal mix of asset classes based on the Client's specific risk tolerance. For the Plan, Wealthfront Advisers uses Mean Variance Optimization to rigorously evaluate every possible combination of the following nine asset classes: US equities, foreign developed markets equities, emerging markets equities, dividend growth equities, real estate, treasury inflation protected securities (TIPS), corporate bonds, emerging markets bonds and US government bonds. Mean Variance Optimization uses the expected return and volatility for each asset class and the covariance among asset classes to find the combination that delivers the highest possible expected return for any given standard deviation of a portfolio's returns. Wealthfront Advisers' software-based 529 investment advisory service generally includes preselected municipal fund securities (each with a single underlying ETF) for each asset class within the plan recommended to a Client by Wealthfront Advisers. Wealthfront Advisers does not allow Clients to select their own municipal fund securities because each municipal fund security and asset class is considered to be part of the overall investment

plan. Investors with specific restrictions are not permitted to become Clients.

Wealthfront Advisers continuously monitors our Clients' 529 portfolios and periodically rebalances them back to the Clients' target mix in an effort to optimize returns for the intended level of risk as well as the applicable glide path. We may consider the volatility associated with each of our chosen asset classes when deciding when and how to rebalance.

Wealthfront Advisers does not charge performance-based fees. Our advisory fees are only charged as disclosed above in Item 4.F.

Risk Considerations

Wealthfront Advisers cannot guarantee any level of performance or that any Client will avoid a loss of Account assets. **Any investment in securities involves the possibility of financial loss that Clients should be prepared to bear.**

When evaluating risk, financial loss may be viewed differently by each Client and may depend on many different risk items, each of which may affect the probability of adverse consequences and the magnitude of any potential losses. The following risks may not be all inclusive but should be considered carefully by a prospective Client before retaining Wealthfront Advisers' services in respect of the Plan. These risks should be considered as possibilities, with additional regard to their actual probability of occurring and the effect on a Client if there is in fact an occurrence.

Market Risk – The price of any security or the value of an entire asset class can decline for a variety of reasons outside of Wealthfront Advisers' control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. If a Client has a high allocation in a particular asset class, it may negatively affect overall performance to the extent that the asset class underperforms relative to other market assets. Conversely, a low allocation to a particular asset class that outperforms other asset classes in a particular period will cause that Client Account to underperform relative to the overall market.

Advisory Risk – There is no guarantee that Wealthfront Advisers' judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. It is possible that Clients or Wealthfront Advisers itself may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to Wealthfront Advisers' software-based investment advisory service. Wealthfront Advisers and its representatives are not responsible to any Client for losses unless caused by Wealthfront Advisers' breach of its fiduciary duty.

Software Risk – Wealthfront Advisers delivers its investment advisory services entirely through software. Consequently, Wealthfront Advisers rigorously designs, develops and tests its software extensively before putting such software into production with actual Client Accounts and assets and periodically monitors the behaviors of such software after its deployment. Notwithstanding this rigorous design, development, testing and monitoring, it is possible that such software may not always perform exactly as intended or as disclosed on the Site, mobile app, blogs or other

Wealthfront Advisers disclosure documents, especially in certain combinations of unusual circumstances. For example, there may be occasions where a number of Client Accounts may not experience TLH (even if TLH had been activated for such accounts) or rebalancing back to the Client's target asset allocation for extended periods of time, due to certain errors in the deployment of the software. Wealthfront Advisers continuously strives to monitor, detect and correct any software that does not perform as expected or as disclosed.

Volatility and Correlation Risk – Wealthfront Advisers' asset selection process is based in part on a careful evaluation of past price performance and volatility in order to evaluate future probabilities. It is possible that different or unrelated asset classes may exhibit similar price changes in similar directions which may adversely affect a Client's Account and may become more acute in times of market upheaval or high volatility. **Past performance is no guarantee of future results, and any historical returns, expected returns, or probability projections may not reflect actual future performance.**

Valuation Risk – High volatility and/or the lack of deep and active liquid markets for some securities (including the ETFs underlying the Plan municipal fund securities) that hold or trade financial instruments may be adversely affected by liquidity issues as they manage their portfolios, which may lead to valuation difficulties. While the Plan's custodian and recordkeeper value the municipal fund securities (and their underlying ETFs) held in Client Accounts based on reasonably available exchange-traded security data, they may from time to time receive or use inaccurate data, which could adversely affect security valuations, transaction size for purchases or sales, and/or the resulting advisory fees paid by a Client to Wealthfront Advisers.

Legislative and Tax Risk - Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser or securities trading regulation; change in the US government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations.

Foreign Investing and Emerging Markets Risk - Foreign investing involves risks not typically associated with investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries. In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors not present in the US, such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than US accounting practices and foreign regulation may be inadequate or irregular.

Inflation, Currency, and Interest Rate Risks - Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may

cause the value of many types of fixed income investments to decline. In addition, the relative value of the

US dollar-denominated assets primarily managed by Wealthfront Advisers may be affected by the risk that currency devaluations affect Client purchasing power.

No Guarantee of Principal Or Earnings; No Insurance - The value of a Client's 529 Account may increase or decrease over time based on the performance of the municipal fund securities that constitute the Client's portfolio. It is possible that, at any given time, the Client's portfolio value may be less than the total amount contributed. None of the Plan, the state trust, Wealthfront Advisers or other Plan-related entities or individuals is an insurer of, makes any guarantee of, or has any legal obligations to ensure, a particular level of investment return. The Client should be aware that she could lose all or a portion of their investment, depending on market conditions.

An investment in the Plan is not a bank deposit. The Plan is not insured or guaranteed. None of the Account, the principal the Client invests, nor any investment return is insured or guaranteed by the Plan, the state trust, Wealthfront Advisers or other Plan-related entities or individuals, the federal government, the Federal Deposit Insurance Corporation, or any other governmental agency.

Relative to investing for retirement, the holding period for college investors is very short (e.g., 5-20 years versus 30- 60 years). Also, the need for liquidity during the withdrawal phase (to pay for qualified higher education expenses) generally is very important. The Client should strongly consider the level of risk she wishes to assume when completing the risk questionnaire upon Account opening.

Limited Investment Direction - The Client may not direct the underlying investments in an Account. The ongoing money management is the responsibility of Wealthfront Advisers. The only manner in which the Client can affect the money management is to change their risk score, which is limited to two times per year, or upon the change of the Beneficiary. The choice of the underlying investments of the municipal fund securities is subject to the approval of the board of trustees of the state 529 plan trust (the "Board"). Automatic investment exchanges that occur as the Client's assets move through the glide path do not count towards your twice per calendar year investment exchange limit.

Liquidity - Investments in a 529 Plan are considered less liquid than other types of investments (e.g., investments in mutual fund shares) because the circumstances in which an Account owner may withdraw money from a 529 Plan account without a penalty or adverse tax consequences are significantly more limited.

Potential Changes to the Plan - The Board reserves the right, in its sole discretion, to discontinue the Plan or to change any aspect of the Plan. For example, the Board may change the Plan's fees and expenses; add, subtract, or merge the municipal fund securities; close a particular municipal fund security to new investors; or change the Plan's program manager or the underlying investment(s) of a municipal fund security. Depending on the nature of the change, the Client may be required to, or prohibited from, participating in the change with respect to Accounts established before the change. The current program manager for the Plan may not necessarily continue as Plan's program manager, and Wealthfront Advisers may not necessarily continue as investment adviser and distributor to the Plan (although Wealthfront Advisers will continue as the

Client's investment adviser until either Wealthfront Advisers or the Client terminates that investment advisory relationship).

If the Client has established Accounts prior to the time such changes are made to the Plan, the Client may be required to participate in such changes or may be prohibited (according to Section 529 regulations or other guidance issued by the Internal Revenue Service) from participating in such changes, unless the Client opens a new Account. Furthermore, the Board may terminate the Plan by giving written notice to the Client, but the Plan may not thereby be diverted from the exclusive benefit of the Client and the Beneficiary.

During the transition from one underlying investment to another underlying investment, a Plan municipal fund security may be temporarily uninvested and lack market exposure to an asset class. The transaction costs associated with any liquidation, as well as any market impact on the value of the securities being liquidated, will be borne by the Plan municipal fund security and Client Portfolios holding that Plan municipal fund security.

Status of Federal And State Law And Regulations Governing The Plan - Federal and state law and regulations governing the administration of 529 plans could change in the future. In addition, federal and state laws on related matters, such as the funding of higher education expenses, treatment of financial aid, and tax matters are subject to frequent change. It is unknown what effect these kinds of changes could have on an Account or the Plan. The Client should also consider the potential impact of any other state laws on the Client's Account. The Client should consult your tax advisor for more information.

No Indemnification - Neither the Plan, the state trust, Wealthfront Advisers or other Plan-related entities or individuals, nor any other person will indemnify the Client or the Beneficiary against losses or other claims arising from the official or unofficial acts, negligent or otherwise, of Board members or state employees.

Eligibility for Financial Aid - The treatment of Account assets may have an adverse effect on the Beneficiary's eligibility to receive assistance under various federal, state, and institutional financial aid programs.

- In making decisions about eligibility for financial aid programs offered by the US government and the amount of such aid required, the US Department of Education takes into consideration a variety of factors, including among other things the assets owned by the student (i.e., the Beneficiary) and the assets owned by the student's parents. The US Department of Education generally expects the student to spend a substantially larger portion of their own assets on educational expenses than the parents.
- For federal financial aid purposes, Account assets will be considered (i) assets of a student's parent, if the student is a dependent student and the owner of the Account is the parent or the student, or (ii) assets of the student, if the student is the owner of the Account and not a dependent student.
- For purposes of financial aid programs offered by states, other non-federal sources, and educational institutions, the treatment of Account assets may follow or differ from the treatment described above for federal financial aid purposes. Clients and Beneficiaries are

advised to consult a financial aid professional and/or the state or educational institution offering a particular financial aid program, to determine how assets held in an Account may affect eligibility for financial aid.

- Under Nevada law, assets in an Account are not taken into consideration in determining the eligibility of the Beneficiary, parent or guardian of the Account for a grant, scholarship or work opportunity that is based on need and offered or administered by a state agency, except as otherwise required by the source of the funding of the grant, scholarship or work opportunity.

The federal and non-federal financial aid program treatments of assets in a 529 plan are subject to change at any time. Clients therefore should check and periodically monitor the applicable laws and other official guidance, as well as particular program and institutional rules and requirements, to determine the impact of 529 plan assets on eligibility under particular financial aid programs.

No Guarantee That Investments Will Cover Qualified Higher Education Expenses; Inflation and Qualified Higher Education Expenses - There is no guarantee that the money in the Client's Account will be sufficient to cover all of a Beneficiary's qualified higher education expenses, even if contributions are made in the maximum allowable amount for the Beneficiary. The future rate of increase in qualified higher education expenses is uncertain and could exceed the rate of investment return earned by an Account over any relevant period of time.

Education Savings and Investment Alternatives - In addition to the Plan, there are many other 529 plans, including programs designed to provide prepaid tuition and certain other educational expenses, as well as other education savings and investment alternatives. These alternative programs may offer different investment vehicles and may result in different tax and other consequences. They may have different eligibility requirements and other features, as well as fees and expenses that may be more or less than those charged by the Plan. Clients should consider other investment alternatives before establishing an Account.

No Guarantee of Admittance - Participation in the Plan does not guarantee or otherwise provide a commitment that the Beneficiary will be admitted to, allowed to continue to attend, or receive a degree from any educational institution. Participation in the Plan also does not guarantee that a Beneficiary will be treated as a state resident of any state for tuition or any other purpose.

Medicaid and Other Federal And State Benefits - The effect of an Account on eligibility for Medicaid or other state and federal benefits is uncertain. There can be no assurance that an Account will not be viewed as a "countable resource" in determining an individual's financial eligibility for Medicaid. Withdrawals from an Account during certain periods may also have the effect of delaying the disbursement of Medicaid payments. Clients should consult a qualified advisor to determine how an Account may affect eligibility for Medicaid or other state and federal benefits.

Suitability and Education Savings Alternatives - Neither the Board nor the Plan's program manager makes any representations regarding the suitability or appropriateness of the municipal fund securities or Client's portfolio as an investment. Other types of investments may be more appropriate depending upon an individual's financial status, tax situation, risk tolerance, age, investment goals, savings needs, and investment time horizons of the Client or the Beneficiary.

There are programs and investment options other than the Plan available as education investment alternatives. They may entail tax and other fee or expense consequences and features different from the Plan including, for example, different investments and different levels of Client control. Anyone considering investing in the Plan may wish to consider these alternatives prior to opening an Account.

Differences Between Performances of Plan Municipal Fund Securities And Underlying ETFs

- The performances of the Plan municipal fund securities will differ from the performances of the ETFs underlying the Plan municipal fund securities. This is primarily due to differences in expense ratios and differences in the trade dates of municipal fund securities purchases and the purchases of the underlying ETFs. The Plan municipal fund securities and the underlying ETFs have different expense ratios over comparable periods of time, so, all other things being equal, there also will be performance differences between the Plan municipal fund securities and the underlying ETFs. Performance differences also are caused by differences in the trade dates of the Client's Plan municipal fund securities purchases and the underlying ETF purchases. When the Client invests money in a Plan municipal fund security, the Client will receive state trust interests as of the appropriate trade date. The state trust will use that money to purchase the underlying ETFs to be held in the municipal fund security(ies) that make up a Client's portfolio. However, the trade date for the state trust's purchase of the underlying ETF typically will be one (1) business day after the trade date for the Client's purchase of trust interests of the selected municipal fund security. Depending on the amount of cash flow into or out of the Plan municipal fund security and whether the underlying ETF is going up or down in value, this timing difference will cause the Plan municipal fund security's performance either to trail or exceed the underlying ETF's performance.

Differences Between Performances Of Client Portfolios and Municipal Fund Securities - The performance of each Client's portfolio will differ from the Plan municipal fund securities because it is a mix of one or more of the Plan municipal fund securities. Thus, a Client portfolio's performance may lag that of any one Plan municipal fund security due to the lower performances of other Plan municipal fund securities included in the Client's portfolio.

Municipal Fund Securities Investment Risk - Accounts are subject to a variety of investment risks that will vary depending upon the municipal fund security and the ETF underlying that Plan municipal security. See the Plan Description and Participation Agreement available at www.wealthfront.com/529 for further discussions of the investment objective and principal risks of each underlying ETF Investment. With respect to the underlying ETF, please remember that the information is only a summary of the main risks of each underlying ETF Investment; please consult each underlying ETFs prospectus and statement of additional information for additional risks that apply to each underlying ETF.

ETF Risks, including Net Asset Valuations and Tracking Error - ETF performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because 1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and 3) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned

by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depositary Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations or valuation may be limited or inaccurate.

An ETF typically includes embedded expenses that may reduce the ETF's net asset value, and therefore directly affect the ETF's performance, thereby affecting the related Plan municipal fund security's performance, and indirectly affecting a Client's portfolio performance or an index benchmark comparison. Expenses of the ETF may include investment adviser 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. Wealthfront Advisers discloses each underlying ETF's current information, including expenses, in the Plan Description and Participation Agreement available at www.wealthfront.com/529. ETF tracking error and expenses may vary.

Clients should be aware that to the extent they invest in Plan municipal fund securities, which investment in turn invests in ETF securities, they will pay two levels of compensation – advisory fees charged by Wealthfront Advisers plus any management fees charged by the Plan recordkeeper and the Board at the municipal security level, plus any management fees charged by the adviser or sponsor of the ETF at the ETF level. This scenario may cause a higher advisory cost (and potentially lower investment returns) than if a Client purchased the ETF directly.

Client Portfolio Investment Risk - Accounts are subject to a variety of investment risks that will vary depending upon the Plan municipal fund security(ies) that constitute a Client's portfolio. See the Plan Description and Participation Agreement available at www.wealthfront.com/529. Moreover, it is possible that various risks of Plan municipal fund securities could combine to present greater risks than any single Plan municipal fund security.

Item 7 Client Information Provided to Portfolio Managers

On a periodic basis, Wealthfront Advisers contacts each Client to remind them to review and update the profile information they previously provided. Wealthfront Advisers also requests that Clients reconfirm the same information on an annual basis. These notifications and confirmations include a link to the Client's current information and contact information for the Wealthfront Advisers support team. Currently the Wealthfront Advisers team members whose tasks include supervising, arranging and responding to these notifications, confirmations and reviews are: the Chief Compliance Officer with help from Client Services.

Wealthfront Advisers conducts separate reviews related to the ETFs used for the Plan municipal fund securities making up Client 529 portfolios. These reviews are approved by Wealthfront Advisers' Investment Committee, which has the authority, if necessary, to recommend to the Board for the Board's action, in its sole discretion, up to and including the removal, addition or replacement of an ETF, from the Plan municipal fund securities making up the portfolios advised by Wealthfront Advisers.

Item 8 Client Contact with Portfolio Managers

All client contacts and communications regarding participation in the Wrap Fee Program will occur through contact with Wealthfront Advisers via email or the Site. Subject to the tax limitation of only two changes to the Client's risk score and profile per tax year or upon a change of Beneficiary, Wealthfront Advisers will promptly make any changes to Client's goals and financial situation. If tax law prevents a change to the Client's risk score and profile, the Client will bear the risk and consequences of the Client's portfolio potentially not corresponding to the risk score and profile corresponding to Client's changed circumstances until such time as applicable law permits the change to the Client's risk score and profile.

Item 9 Additional Information

Disciplinary Information

On December 21, 2018, Wealthfront Advisers reached a settlement with the Securities and Exchange Commission. The settlement order found that Wealthfront Advisers improperly retweeted certain clients' positive tweets from its corporate account and had made compensation to some bloggers for client referrals without proper disclosures. Additionally, the settlement order found that Wealthfront Advisers did not have proper disclosures in its TLH whitepaper concerning monitoring for any and all wash sales that could occur in client accounts. A wash sale prevents the tax benefit of having sold the asset to realize a loss. Thus, a wash sale can diminish the effectiveness of TLH by deferring to a future year a tax loss that could have been used to offset income or capital gains in the current year. In Wealthfront's TLH program, wash sales could occur, or were permitted, in certain circumstances relating to the management of a client account such as rebalancing a client portfolio or client directed transactions. The SEC order noted that a significant percentage of client accounts enrolled in Wealthfront Advisers' TLH strategy experienced wash sales in the period from October 2012 to May 2016 and that wash sales represented approximately 2.3% of tax losses harvested for clients in the period from January 2014 to December 2016.

The settlement order found that Wealthfront Advisers violated the antifraud, advertising, compliance, and other provisions of the Investment Advisers Act of 1940. Without admitting or denying the SEC's findings, Wealthfront Advisers consented to the entry of the SEC's order censuring it, requiring it to cease and desist from further violations, and imposing a \$250,000 penalty.

Other Financial Industry Activities and Affiliations

Wealthfront Advisers utilizes its affiliate, Wealthfront Brokerage, to effect transactions on behalf of the Clients. In respect to the Plan, Wealthfront Brokerage instructs the Plan's recordkeeper and custodian on behalf of Wealthfront Advisers, where applicable, to provide execution services for the Client's 529 Account transactions pursuant to the authority the Client has given under the applicable 529 Client Agreement and Brokerage Agreement.

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

Wealthfront Advisers' paramount ethical, professional, and legal duty is to act at all times as a fiduciary to its Clients. This means that Wealthfront Advisers puts the interests of its Clients

ahead of its own, and carefully manages for any perceived or actual conflict of interest that may arise in relation to its advisory services. Wealthfront Advisers has adopted a Code of Ethics, which is designed to ensure that we meet our fiduciary obligation to Clients, enhance our culture of compliance within the firm, and detect and prevent any violations of securities laws.

Wealthfront Advisers' Code of Ethics (the "Code") establishes standards of conduct for all Wealthfront Advisers' employees, including all officers, directors, employees, certain contractors and others, and is consistent with the code of ethics requirements of Rule 204A-1 under the Investment Advisers Act of 1940, as amended. The Code includes general requirements that all employees comply with their fiduciary obligations to Clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest, and confidentiality of client information.

Each new Wealthfront Advisers' employee receives a copy of the Code when hired or engaged by Wealthfront Advisers. Wealthfront Advisers sends copies of any amendments to the Code to all supervised persons, who must acknowledge in writing having received the Code and the amendments. Annually or as otherwise required, each supervised person must confirm to Wealthfront Advisers that they have complied with the Code during such preceding period.

Wealthfront Advisers' employees may personally invest in securities recommended by Wealthfront Advisers, specifically the ETFs recommended for each asset class and individual large and mid-capitalization stocks recommended for advanced forms of TLH. Wealthfront Advisers' employees may also buy or sell specific securities for their own accounts that are not purchased or sold ahead of Clients. Wealthfront Advisers monitors the securities transactions of all employees to determine whether there have been any improper use of client trading information by employees. It also requires all employees to report any violations of the Code promptly to Wealthfront Advisers' Chief Compliance Officer. The complete Code of Ethics is available to any client or prospective Client upon request.

Review of Accounts

Wealthfront Advisers provides all Clients with continuous access via the Site where Clients can access their Account documents, such as account statements, and review their time-weighted and money-weighted returns. Clients may also receive periodic e-mail communications describing portfolio performance, Account information, and product features.

Wealthfront Advisers' software based 529 investment advisory service assumes that a portfolio created using MPT-based techniques will not stay optimized over time and must be periodically rebalanced back to its original targets to maintain the intended risk level and asset allocations. Wealthfront Advisers reviews each Client's Account when it is opened and using software, 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. Wealthfront Advisers also conducts reviews when Clients make changes to their risk profiles. Wealthfront Advisers also determines how the Client's portfolio's allocations of Plan municipal fund securities will change over time pursuant to the assigned glide path. Each glide path gradually shifts the asset allocations of the municipal fund securities in the Client's portfolio to progressively decreasing levels of expected risk as the expected matriculation date of the Beneficiary approaches.

On a periodic basis, Wealthfront Advisers contacts each Client to remind them to review and update personal profile information they previously provided. Wealthfront Advisers also requests that Clients reconfirm the same information on an annual basis. These notifications and confirmations include a link to the Client's current information and contact information for the Wealthfront Advisers support team. Currently the Wealthfront Advisers team members whose tasks include supervising, arranging and responding to these notifications, confirmations and reviews are: the Client Services Manager and the Client Services team.

Wealthfront Advisers periodically reviews the ETFs used for the municipal fund securities making up Client 529 portfolios. Wealthfront Advisers' Investment Committee, a committee of certain other Wealthfront Advisers officers who are not members of the Wealthfront Advisers investment research team, approves of these reviews. The committee has the authority, if necessary, to remove, add or replace an ETF from the municipal fund securities making up the portfolios advised by Wealthfront Advisers.

Client Referrals and Other Compensation

Wealthfront Advisers expects from time to time to run promotional campaigns to attract Clients to open 529 Accounts on the Site. These promotions may include additional Account services or products offered on a limited basis to select Clients, more favorable fee arrangements, and/or reduced or waived advisory fees for Clients, including Wealthfront Advisers' Invite Program pursuant to which Clients may invite friends, family and others to open an account with Wealthfront Advisers. Wealthfront Advisers waives its advisory fee on \$5,000 of Account assets for both the referring Client and the referred Client for each referral. Wealthfront Advisers may also invite non- Clients to open an account with Wealthfront Advisers via the Invite Program. For non-Clients who become Clients via direct invitation from Wealthfront Advisers, Wealthfront Advisers will waive its advisory fee on a predetermined amount of the Client's Account assets.

These arrangements may create an incentive for a third-party or other existing Client to refer prospective Clients to Wealthfront Advisers, even if the third-party would otherwise not make the referral. These arrangements may also create a conflict of interest for a Client to maintain a certain level of assets managed through Wealthfront Advisers if doing so would result in eligibility to receive an incentive, bonus or additional compensation.

In the past, Wealthfront Advisers had certain arrangements in which it paid bloggers and others who posted advertisements for Wealthfront Advisers based on the assets initially deposited by individuals responding to such advertisements. Currently, Wealthfront Advisers has certain arrangements in which it pays bloggers and others who post advertisements for Wealthfront a flat fee per client responding to such advertisements who opens an account regardless of whether said client funds the account.

Voting Client Securities

Wealthfront Advisers, as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the Clients. Our firm maintains policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our firm's proxy policies and practices. Our

policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records. Clients may request information regarding how Wealthfront Advisers voted a Client's proxies, and Clients may request a copy of the firm's proxy policies and procedures by emailing support@wealthfront.com. Clients should not become or continue as a Client if they wish to vote such proxies.

Financial Information

This Item is not applicable because Wealthfront Advisers does not require or solicit the prepayment of any 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 Client.