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Wrap Fee Brochure

This wrap fee program brochure provides information about the qualifications and business practices of Financial Engines Advisors L.L.C. ("FEA"), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Registration does not imply a certain level of skill or training. If you have any questions about the contents of this Brochure, please contact us at 1-800-601-5957. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about FEA is also available on the SEC's website at www.adviserinfo.sec.gov.



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Item 2: Material Changes

This Brochure is being updated to reflect certain changes to our wrap fee investment advisory program. The Brochure previously discussed the legacy Edelman Managed Asset Program (“EMAP”) wrap fee program; it now also discusses additional new models and the introduction of an additional custodian as part of the continuing harmonization between the legacy firms.

In addition, Edelman Financial Engines no longer has an affiliated broker-dealer, as that entity was sold to a third party. The TMFS Insurance Agency, LLC was also sold to a third party. These changes are reflected within this document.

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Item 4: Services, Fees and Compensation

I. Services

This Brochure describes our wrap fee investment advisory program. The program includes legacy Edelman Managed Asset Program (“EMAP”) models as well as certain additional models. We refer to the program as our “Wrap Fee Program”. Through the Wrap Fee Program, we offer a series of diversified asset allocation models which range from conservative to aggressive and can be used with both taxable and non-taxable accounts. These models address a variety of risk levels and differing equity targets. They utilize primarily a mix of mutual funds and ETFs as well as a mix of passive and active funds. They support both retirement and non-retirement objectives.

The securities, asset categories and portfolio weightings vary for each model. In order to determine the model most suited to a client's needs and circumstances, planners speak with clients to discuss their specific situation and review various information provided. Investment objectives and risk tolerance are the primary factors that help the planners recommend an appropriate model. Objectives are generally capital preservation, income, or growth, or a combination of these. Planners also consider other inputs, which can include, but are not limited to, the client's age, health, family circumstances, income, expenses, assets, debts, liquidity needs, goals, personal objectives, time horizon and other relevant factors. Tools are available to help clients choose appropriate models in appropriate situations. If a client's investment objectives, risk tolerance or financial situation changes, they are instructed to contact a planner.

Generally, if a client asks to place reasonable restrictions on the management of their wrap fee account the Firm will discuss those proposed restrictions with the client and, where appropriate and feasible, accommodate desired restrictions either within their wrap fee account or otherwise. Ultimately, a client will be placed in a model or account that is most reasonably suited to their needs and which allows for such reasonable restrictions as appropriate. A client cannot usually request that we buy specific holdings or types of holdings, although exceptions may be granted. We reserve the right, at our sole discretion, to close an account (or decline to open one in the first place) if unreasonable or overly restrictive conditions are requested.

II. Trading Authorization

Once a model has been selected, Edelman Financial Engines has limited discretionary authority to invest the assets in the account in accordance with the model selected by the client through relevant custodians. Such discretionary authority includes the ability to select (and modify) the investments underlying each model. Wrap fee clients must establish brokerage accounts with one of the custodians associated with Edelman Financial Engines, which currently include TD Ameritrade (“TDA”), Fidelity, E*TRADE Savings Bank (doing business as “E*TRADE Advisor Services”, formerly known as Trust Company of America) and Charles Schwab & Co., Inc. (as cleared through Charles Schwab Clearing Services) (“Schwab”). Clients opening an account with an EMAP model must generally choose between TDA or E*TRADE Advisor Services as custodians; those opening an account with other Wrap Fee Models must generally open such an account at TDA if engaging with a legacy Edelman Financial Services planner and Schwab if engaging with a legacy Financial Engines planner. Those clients who are referred to the Firm by TDA or E*TRADE Securities LLC (“E*TRADE”) will have their assets custodied at the relevant referring firm.

When Edelman Financial Engines transacts purchases or sales for a Wrap Fee Program account through a custodian, the transaction costs associated with such trading activity are covered by the wrap fee. The custodians perform all of the necessary brokerage services for accounts maintained with them and provide custody services of client assets. On occasion, Edelman Financial Engines may direct a transaction to a broker-dealer other than one of the custodians for execution, as discussed further in “Step-Out Trades” below. In these instances clients will incur transaction costs in addition to the wrap fee. In such cases, the broker-dealer is acting as an executing broker-dealer and delivers the transaction to the applicable custodian for allocation to client accounts.

III. Rebalancing

Each Wrap Fee Program account is invested in accordance with the client’s chosen model. At the inception of an account, account assets are invested in specific asset types, including mutual funds, ETFs, fixed income or cash instruments. Amounts invested in each fund are determined in accordance with the set asset allocation targets associated with the client’s model. Afterwards, as markets fluctuate, and values change, amounts originally allocated to a fund will either exceed or fall below the target allocations. Accounts of wrap fee clients are typically reviewed daily for rebalancing, and if appropriate we adjust their holdings to be in line with the asset allocation targets. Asset allocations may drift away from the target asset allocation associated with the client’s model before Edelman Financial Engines, within our sole authority and judgment, brings those allocations back in line with the target percentages.

IV. Reallocation

In a reallocation, we change the target percentages of some or all of the asset classes or types of assets within a model relative to the total model. Models and accounts are monitored on an ongoing basis and assets reallocated based on market or other conditions as warranted. Changes in the model may be made for a variety of reasons, including but not limited to changes related to the economic, financial or political climate and the management of the underlying securities used by the model. The Firm may replace a particular security (or securities) if its risk, return and costs, in the context of the portfolio and/or in comparison to similar securities suggest a change is appropriate, or if there is a different security that, in our opinion, would be better suited for the model portfolio.

V. Edelman Retirement Program

Edelman Financial Engines makes the Edelman Retirement Program (“ERP”) available to plan sponsors of 401(k), profit-sharing, non-qualified deferred compensation and retirement plans (“Plans”). These Plans include both participant-directed and trustee-directed Plans. Through ERP, Edelman Financial Engines creates and maintains model asset allocation portfolios for Plans. ERP is only offered by legacy EFS planners, utilizing exclusively legacy EMAP models. It is aimed at smaller Plan Sponsor clients and will not be offered to our legacy Financial Engines Plan Sponsor clients.

Generally, a planner holds an initial meeting with the Plan sponsor (or other Plan fiduciary or agent) to explain the services available through the ERP and to collect detailed financial data about the Plan. Emphasis is placed on identifying the Plan’s investment objectives and determining the financial situation of the Plan. If the Plan sponsor (or other Plan fiduciary or

agent) determines that the ERP is appropriate for the Plan, then the Plan sponsor (or other Plan fiduciary or agent) will establish an ERP account on behalf of the Plan.

VI. Institutional Advisory Services

Utilizing primarily legacy EMAP models, Edelman Financial Engines planners provide investment management services to a variety of small and mid-sized companies, organizations, endowments and associations. The services offered can include drafting an investment policy statement, developing an asset allocation model, preparing a financial profile and/or providing investment management services.

VII. Fees and Compensation

Wrap Fee Program clients will be assessed fees according to the fee schedule below. Any changes to this fee schedule will be communicated, as appropriate, per the terms of the agreements governing the accounts. In certain circumstances where clients are referred to Edelman Financial Engines, or where different fee structures are negotiated, different rates could apply.

Fees for New Retail Clients, Legacy EFS Wrap Fee Program and TAMP Clients

New retail clients who began working with Edelman Financial Engines on or after November 1, 2018, as well as clients who held Wrap Fee Program or Turnkey Asset Management Program (“TAMP”) accounts through legacy EFS planners that were established prior to that date, pay fees for services pursuant to the following schedule. The fee schedule below is also applicable to new retail clients regardless of whether they work with a legacy FE or legacy EFS planner and regardless of which service they choose to enroll in, although different fees may be assessed in individual situations. Fees may be discounted in certain situations; in such cases, the applicable fee will be disclosed in writing.

Client Fee Schedule	
Assets	Annual Fee
\$0-400,000	1.75% on the first \$400,000
\$400,001-750,000	1.25% on the next \$350,000
\$750,001-1,000,000	1.00% on the next \$250,000
\$1,000,001-3,000,000	0.75% on the next \$2,000,000
\$3,000,001-10,000,000	0.60% on the next \$7,000,000
\$10,000,001-25,000,000	0.50% on the next \$15,000,000
\$25,000,000 +	Negotiable

In certain situations, clients who are referred to planners by our National Advisor Center may receive a discount. Those discounts generally range up to 0.40% on the first \$400,000 invested. Employees and their spouses/households are eligible for a discounted fee of 0.10%.

All Wrap Fee Program clients, including TAMP clients authorize their custodian, on behalf of Edelman Financial Engines, to deduct the applicable advisory fee from their accounts. The fee is based on the average daily balance of the account. The first payment is prorated and calculated based on the number of days assets are held in the account during the calendar quarter. Subsequent fees are determined based on the average daily balance for the quarter ending on

the last day of each calendar quarter. Fees are deducted from the client's account in arrears. In certain circumstances where clients are referred to Edelman Financial Engines, different rates apply.

When calculating advisory fees, household accounts that are managed as one relationship are aggregated to determine the lowest percentage per the relevant fee schedule. Also, when calculating advisory fees, we may exclude, at our discretion, certain assets if they are unable to be invested in the Wrap Fee Program. Edelman Financial Engines does not provide investment advisory services on "unmanaged assets". Edelman Financial Engines planners may be compensated differently depending on the source of a client and may in some circumstances get a bonus if a current client introduces a new client to a planner they are already working with.

Legacy EFS has established a TAMP program, whereby the Firm makes certain EMAP models available to clients of select unaffiliated investment advisers ("TAMP Advisors"). The wrap fee, per the above fee schedule, is shared between Edelman Financial Engines and the TAMP Advisors on a negotiated basis. The client does not pay an increased advisory fee because of this arrangement. Clients will pay the same fee, regardless of whether the client selects a legacy EMAP model through an Edelman Financial Engines planner or a TAMP Advisor. Edelman Financial Engines pays a negotiated percentage, up to 60% of the annual account fee, to TAMP Advisors on Wrap Fee Program accounts initiated and serviced by TAMP Advisors. Also, at no additional cost to the client, Edelman Financial Engines may occasionally pay additional basis points to a TAMP Advisor.

For margined accounts, the fee may be added to the margin balance unless the client elects to deposit cash or liquidate securities. If an account is terminated prior to the end of a calendar quarter, the terminating client will pay prorated fees due up to the termination date.

Fees for Institutional Clients

Edelman Financial Engines charges a variety of small and mid-sized companies, organizations, endowments and associations advisory fees for the provision of various investment management services. These institutional clients pay fees as follows on their Wrap Fee Program account:

Institutional Fee Schedule	Fee
Up to \$999,999	1.40%
\$1 million to \$1,999,999	1.00%
\$2 million to \$4,999,999	0.75%
\$5 million to \$9,999,999	0.60%
\$10 million to \$24,999,999	0.50%
\$25 million +	negotiable

Institutional client wrap fees are not negotiable other than as disclosed in the fee schedule above. The above advisory fee schedule is based on the assets under management the client invests in the program and are not dependent on the amount of trading in the account or the advice given in any particular time period. Lower fees for comparable services may be available from other sources.

Institutional clients authorize their custodian, on behalf of Edelman Financial Engines, to deduct fees from their accounts. The fee is based on the average daily balance of the account. The first payment is prorated and calculated based on the number of days assets are held in the account during the calendar quarter. Subsequent fees are determined based on the average daily balance for the quarter ending on the last day of each calendar quarter. Fees are deducted from the client's account in arrears. For margined accounts, the fee may be added to the margin balance unless the client elects to deposit cash or liquidate securities. If an account is terminated prior to the end of a calendar quarter, the terminating client will pay prorated fees due up to the termination date.

Fees for Edelman Retirement Program Clients

Edelman Retirement Program (ERP) clients pay fees as follows on their account.

ERP Plan Assets	Fee
\$0 to \$2 million	1.00%
\$2 million to \$5 million	0.85%
\$5 million to \$10 million	0.70%
\$10 million to \$15 million	0.60%
\$15 million to \$20 million	0.50%
\$20 million +	negotiable

Except as otherwise agreed to by the Plan sponsor (or other Plan fiduciary or agent) and Edelman Financial Engines, the Plan's recordkeeper, custodian or other service provider will deduct the wrap fee from Plan accounts and remit such amounts to Edelman Financial Engines. The fee is based on the balance of the total assets of the Plan accounts invested in the Models and Underlying Funds as of the end of each calendar quarter and does not include Plan assets that are invested in other options (such as those available through self-directed brokerage windows or funds or securities other than the Underlying Funds). The first payment is prorated for assets that are placed in Plan accounts during a calendar quarter. Subsequent fees will be determined based on the last day of each quarter. Fees are deducted from the client's account no later than the thirtieth (30th) day after the end of each quarter, in arrears. If an account is terminated prior to the end of a calendar quarter, the terminating client will pay prorated fees due up to the termination date. The fee schedule above shows the annual percentages.

If a Plan sponsor (or other Plan fiduciary or agent) is introduced to ERP through an unaffiliated registered investment adviser, Edelman Financial Engines' services will be limited to discretionary management of the Models. In such cases, Edelman Financial Engines charges an annual fee of 0.35% of Plan assets invested in the Models and Underlying Funds. The unaffiliated adviser is not paid any portion of the wrap fee and may charge a separate fee for its services that is in addition to the Edelman Financial Engines fee.

Fees for Advisory Services Provided to Legacy Financial Engines Clients

Clients who had already established accounts as of November 1, 2018, and who obtain advisory services directly from legacy Financial Engines planners, will continue to pay the same fees they

have historically for the near term. Such fees might see variation in 2020 and beyond. Any such changes in fees will be communicated to clients as explained in the client agreements governing the accounts at issue. The fees associated with the Firm's services may differ from each other for legacy clients. Fees for services accessed through the workplace are as outlined above.

When calculating advisory fees, household accounts that are managed as one relationship are aggregated to determine the lowest percentage per the relevant fee schedule. Also, when calculating advisory fees, we may exclude, at our discretion, certain assets if they are unable to be invested in the selected advisory service.

IRA and Taxable Account Fees

The fee charged for IRA and taxable account management accessed through legacy FE planners is based on a percentage of the client's assets under management. The following schedule lists the fees that Edelman Financial Engines will assess for these services when accessed through legacy FE planners. Clients of legacy Financial Engines will be charged according to their existing fee schedule as detailed below unless and until such fees are changed or unless otherwise negotiated. Fee changes will be communicated, as appropriate, per the terms of the agreements governing the accounts.

Legacy FE Client Fee Schedule	
Assets	Annual Fee
\$0-250,000	1.50% on the first \$250,000
\$250,001-500,000	1.30% on the next \$250,000
\$500,001-750,000	1.10% on the next \$250,000
\$750,001-1,000,000	1.00% on the next \$250,000
\$1,000,000-1,250,000	0.90% on the next \$250,000
\$1,250,000 +	0.90% flat, on the entire amount managed

The fees will not exceed these scheduled percentages and rates and might be lower in some negotiated instances. Instances where a fee might be lower than the percentages listed could include, without limitation, a client bringing additional assets into the account at some future date, a client who has a family member, relative or other interested person who is or becomes a client of Edelman Financial Engines, or a client that has access to services in the workplace and requests an additional or higher level of service directly. There may also be instances where limited promotional offers are made which include a lower fee amount or other item of value to clients who engage Edelman Financial Engines to manage assets that it did not previously manage. In certain circumstances where clients are referred to Edelman Financial Engines, different rates apply. Fee discounts may also be negotiated with a client in specific situations; the fee charged will be disclosed in writing. Employees and their spouses/households are eligible for a discounted fee of 0.10%.

We calculate and assess our fee based upon the average daily balance of the account. Fees are billed in arrears at the end of each calendar quarter, based upon the period's daily average values (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balances) on that amount of the client's investments that the Firm is managing during the preceding quarter. Unless otherwise agreed to in writing, such fees are

withdrawn from the client's accounts maintained at the custodian. A client authorizes the fee withdrawal when they complete account opening paperwork provided by the custodian. The fees withdrawn, including the dates and amounts, will be reflected on the quarterly statement clients will receive from the custodian. Clients should review those statements and the fees withdrawn. Any questions on the fees withdrawn from a client's accounts may be directed to either Edelman Financial Engines or the custodian. In some limited circumstances, fees may not be assessed on some assets in client accounts, for example if as an accommodation some assets are held within accounts but are not being managed.

Other Relevant Fee Information for Wrap Fee Program Clients

Wrap Fee Program clients pay a wrap fee, which covers brokerage execution costs associated with trades placed through one of the program custodians, without regard to the number of transactions executed during the billing period. Edelman Financial Engines has negotiated fees with E*TRADE Savings Bank (doing business as "E*TRADE Advisor Services", formerly known as Trust Company of America), TD Ameritrade ("TDA"), Fidelity Institutional Wealth Services ("Fidelity", as cleared through National Financial Services LLC), and Charles Schwab & Co., Inc. ("Schwab", as cleared through Charles Schwab Clearing Services) for clearing and execution services in relevant situations. For ERP clients, the Plan's recordkeeper, custodian or other service provider may charge a separate fee to cover the administrative, trust, custody and other record-keeping costs associated with Plan accounts invested in the investment options. Transaction costs imposed by the above custodians are covered as part of the wrap fee. The wrap fee does not include certain account and securities-related costs, including the fees embedded in the mutual funds, ETFs or other holdings in which Wrap Fee Program accounts invest. These underlying fees vary and are deducted by the fund company directly from invested assets. Further information on these fees can be found in the prospectuses of the relevant mutual fund or ETF. In addition, the fee does not include debit balances, related margin interest, IRA and retirement plan fees, transfer fees, fees imposed by regulators, fees associated with certain money market and mutual funds, wire transfer fees, overnight check fees, account closing fees, paper statement delivery fees, non-standard asset fees, insufficient fund fees, returned check fees, transaction charges for fund level model trades, expenses charged by the mutual funds (including management fees, transaction charges incurred for fund-level model trades, custody of fund assets and other fund expenses), expenses charged by the variable annuities and exchange-traded funds, or other fees or taxes that are required by law.

As noted above, we anticipate that transactions placed in a client's account will be executed through one of the program custodians. However, in the limited circumstances, Edelman Financial Engines may choose to execute trades with another broker-dealer if we reasonably believe that another broker-dealer can likely obtain a more favorable execution under the circumstances. Where Edelman Financial Engines trades through a broker-dealer other than one of the custodians, the wrap fee does not include the compensation that is paid to that broker-dealer. This compensation is embedded into the price of the security which is paid by the client. These additional costs are in addition to the wrap fee paid to Edelman Financial Engines by the client.

Transactions executed on behalf of Wrap Fee Program clients are executed for a single wrap fee (except as noted below), which reduces the potential conflict of interest associated with

executing a large number of orders for client accounts and earning transaction-based compensation following each order. Wrap Fee Program models invest client assets primarily or exclusively in no-load shares of open-end registered investment companies and ETFs. Edelman Financial Engines and its planners receive compensation based on the assets under management the client has invested in the program. Neither Edelman Financial Engines nor its planners earn any additional revenue from Wrap Fee Program accounts beyond the wrap fee. A portion of the advisory fee is paid to the planner; however, such compensation does not vary based on which securities are bought, sold or held in each Wrap Fee Program account. The advisory fee earned may be more or less than what Edelman Financial Engines or its planners might earn from other programs available in the financial services industry or if the services were purchased separately. Compensation paid to planners from the wrap fee does not vary depending upon the number of trades made in Wrap Fee Program client accounts. Edelman Financial Engines may negotiate a reduction in fees or other costs on services provided by third-party service providers based on size, volume or other factors. Because the cost to the client of these services is included in the wrap fee, any negotiation of lower costs to Edelman Financial Engines will not be reflected in the client's costs.

Step-Out Trades

In certain circumstances, Edelman Financial Engines may choose to execute trades for client accounts with a broker-dealer other than those listed above if we reasonably believe that another broker-dealer can obtain a more favorable execution under the circumstances. Occasionally, Edelman Financial Engines will utilize a broker-dealer other than one of the custodians to execute large transactions if we determine that it is in our clients' best interest and that other broker-dealer has the capability to handle such large transactions and to reduce or eliminate any potential negative price fluctuation. This generally will occur when the size of the transaction in any one security is so large that it could cause the price of the security to fluctuate, up or down, resulting in an unfavorable execution price for our clients. Where Edelman Financial Engines trades through a broker-dealer other than one of the custodians, the wrap fee does not include the compensation that is paid to that broker-dealer. This compensation is embedded into the price of the security which is paid by the client. These additional costs are in addition to the wrap fee paid by the client.

Best Execution

Edelman Financial Engines seeks the best available execution for client transactions and monitors transactions (including rebalancing, reallocation, model changes and liquidations) retrospectively to evaluate whether best execution was obtained. The Firm monitors best execution with its custodians. Additionally, the Firm reviews each broker-dealer's execution reports to evaluate the services provided, quality of executions, fee rate, and other services.

Item 5: Account Requirements and Types of Clients

I. Account Requirements

For Wrap Fee Program clients, the following minimum account balances generally apply: 1) the client household minimum account size is \$5,000, although this minimum may be reduced or waived at our discretion (the minimum account size in EMAP for Edelman Financial Engines employees is \$3,000); 2) for institutional clients, the minimum account size is \$500,000, although this may be waived or reduced at our discretion; and 3) the ERP program has no

minimum account size. The minimum retail annual fee is \$100, which may be waived at our sole discretion.

II. Brokerage Selection

Retail clients who have direct account relationships with an Edelman Financial Engines planner may choose from a number of unaffiliated registered broker-dealers as custodians for their accounts: Charles Schwab & Co., Inc. (“Schwab”, as cleared through Charles Schwab Clearing Services), E*TRADE Advisor Services; TD Ameritrade Institutional, a division of TD Ameritrade Inc., member FINRA/SIPC (“TD Ameritrade” or “TDA”), an unaffiliated SEC-registered broker-dealer and FINRA member, or Fidelity Institutional Wealth Services (“Fidelity”, as cleared through National Financial Services LLC). While Edelman Financial Engines has arrangements established with these custodians, it does not select which ones to effect trades or determine commissions paid. Clients acknowledge that the selection of one of these custodians is made at their discretion. In addition, the Firm does not enter into directed brokerage arrangements with clients, engage in agency cross transactions or make any principal trades for advisory clients. Some specific services offered by the Firm may require a client to open an account with a particular custodian, and in some circumstances other factors may require the use of a specific custodian. Any such obligations will be communicated as appropriate to relevant clients.

While we anticipate that transactions placed in a client’s account will be executed through one of the custodians listed above, in limited circumstances the Firm may choose to execute trades with another broker-dealer, as is detailed below. Each custodian also makes available other trading options that Edelman Financial Engines can select, if deemed necessary, such as algorithmic trades. Each custodian also provides services that are typically made available to institutional investment managers and generally not to retail clients. These services include duplicate client statements and confirmations (with the exception of E*TRADE Advisor Services), access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts), the ability to have advisory fees deducted directly from client accounts and access to mutual funds with no transaction fees. Custodians receive compensation for their services either through a fixed percentage fee based on all account assets that are maintained in the custody of their firm or on a transactional basis. All clients in the Institutional program and a limited number of retail clients are handled on a transactional basis. Because the cost of what each custodian charges the Firm is included in the wrap fee, whether the custodian charges the Firm a fixed percentage or on a transactional basis has no bearing on what the client pays.

In selecting broker-dealers, including custodians, we evaluate the full range of services offered, the quality of those services and any costs indirectly borne by clients, to determine if the firm provides overall quality of service for the price. Quality of service includes, among other things, execution capability, commission rate, financial responsibility, responsiveness to the adviser, and the value of any research provided. While we attempt to negotiate favorable rates for transactions and believe that each custodian that we select offers competitive rates, we do not select a custodian solely due to cost. While another custodian may offer the same services at a lower overall cost, Edelman Financial Engines is not required to move accounts to that custodian.

III. Types of Clients

Edelman Financial Engines generally provides investment advice to individual investors, participants in employer-sponsored defined contribution plans, trusts, estates, pension, retirement and profit-sharing plans, charitable organizations, foundations, associations, high net worth individuals, institutions, small to mid-sized businesses including corporations, and other business entities.

Item 6: Portfolio Manager Selection and Evaluation

We do not select or utilize the services of any third-party portfolio manager in relation to the models within the Wrap Fee Program. The Firm's Investment Committee is responsible for investment management of the various models within the Wrap Fee Program. Portfolio management is responsible for implementing and monitoring particular models.

I. Investment Strategy

Fundamental to the mission of Edelman Financial Engines is providing comprehensive financial advisory services which will help our clients work towards achieving their long-term financial goals. The mechanism to achieve those desired outcomes will depend on a variety of factors, some applicable to most or all clients and some highly personalized to individual account holders. While individual circumstances are prioritized, we are also guided by certain overarching methods of analysis and investment strategies. Some of those broad methods of analysis and strategies are addressed below.

Broadly speaking, Edelman Financial Engines' investment philosophy is guided by certain basic principles, including:

- Developing diversified portfolios that feature a range of asset classes and market sectors;
- Utilizing holdings that strike a balance between those that are the most cost-effective and those that we forecast may offer added return;
- Maintaining investment strategies, and often individual investments, longer term;
- Strategically reallocating investments as conditions warrant and as goals, time frames or other material realities of clients change; and
- Periodically rebalancing as needed to ensure long term commitment to overall strategies and allocation targets.

On an individual client level, Edelman Financial Engines recommended or managed portfolio allocations are driven by many factors. Some of the key factors include:

- A client's investment objectives (such as growth or income or a combination of such objectives);
- A client's risk tolerance;
- Circumstances specific to the client's individual situation (their time horizon, availability of pensions to supplement their retirement accounts, other household investments held by the client, state of residence, etc.);
- Investment options available to a given client (for example, the suite of investments available within their 401(k) plan); and
- Forward-looking models of securities' risk, expected returns, and correlations

Edelman Financial Engines' approach may also be informed by certain established academic research, such as Modern Portfolio Theory and returns based style analysis, as well as by established discoveries in behavioral finance.

Although Edelman Financial Engines may recommend more frequent trading or holding assets short-term in certain circumstances, frequent and/or short-term trading strategies are generally avoided. To that end, it is generally anticipated that the dominant mode of advice will reflect strategies geared towards consistent and long-term strategies and holding periods. At times, however, there may be reasons to effect changes within an account. Reasons for reallocations to new or different allocations, or for tweaking existing portfolios, may include:

- Client-driven changes – Changes in client objectives, preferences or financial status may necessitate a revised target allocation or portfolio;
- Rebalancing – When an asset category or an investment product has experienced a material appreciation or decline in value, beyond the assigned percentage for that asset category or investment product in comparison to other asset classes or investment products, an appropriate amount may be bought or sold, and the proceeds invested in other asset categories or investment products as appropriate; and
- Updated assessment of forward-looking returns, risks, and correlations – Edelman Financial Engines regularly updates its risk and return models, which may affect its assessment of prospects at the level of macroeconomic factors, asset classes, and/or individual investments. These updates may in turn lead to revised target allocations in client accounts.

Trade Aggregation Policy

Whenever appropriate, Edelman Financial Engines may aggregate same side (purchase/sale) transactions for certain securities on behalf of all Wrap Fee Program accounts, including accounts of planners and employees. It is Firm policy that such transactions will be allocated to all participating client accounts in a fair and equitable manner. There is no preferential treatment given to any account. Transactions may be aggregated together to achieve an average execution price. Mutual funds are purchased directly from the issuer, and no aggregation of these transactions occurs.

Trade Allocation Policy

The Firm seeks to obtain best execution for clients and treat all clients fairly and equitably over time. Generally, Wrap Fee Program trades of exchange traded products are executed at the respective custodian and when deemed appropriate will be done on a block basis. On occasion, the Firm may direct a transaction to a broker-dealer other than one of our custodians if we believe we can obtain better execution, as discussed further in “Step-Out Trades” in Item 4.

To avoid having a large order unfavorably impact liquidity or the execution price, an order may be executed using various other trading strategies. In the limited circumstances when a sufficient quantity of a particular security cannot be obtained, a pro rata allocation may be used when a block order in the security cannot be fully executed in a single day. Such a partial order fill is generally allocated among the participating client accounts based on the size of each account's original order, subject to rounding in order to achieve “round lots.” Unexecuted orders will continue to be worked until the block order is completed or until all component

orders have been cancelled. New orders for the same security will be aggregated with any remaining unexecuted orders and will continue in the same manner.

Edelman Financial Engines reserves the right to modify the rotation procedure for a variety of reasons. An example of this could be if any custodian has a large block order in a particular security. To avoid having a large order unfavorably impact liquidity or the execution price, the order may be executed using various other trading strategies. If Edelman Financial Engines elects to execute any orders in this manner, then the rotation schedule for that day will be altered. The normal rotational schedule will continue the following day.

It is Firm policy to allocate investment opportunities amongst its clients on a basis that it determines in good faith is reasonable and appropriate, considering contractual obligations, portfolio diversification objectives, the specific nature of the investment, the risk-return profile of the investments, the specific investment objectives of each client, trade size, regulatory considerations, and any operational or logistical considerations or limitations, or other factors deemed relevant by the Firm under the circumstances. While the goal of this policy is to achieve fair and equitable allocation of investment opportunities over time, it may not be possible to treat each client or group of clients exactly alike in every circumstance. Transactions for different accounts or for other clients' accounts might not be made at the same time, may be made on different days, and may be made over multiple days. In handling purchases and liquidations, we will execute transactions without regard to pending dividend or capital gains distributions, stock splits, mergers, or other corporate or financial events. The Firm will seek to resolve any conflicts of interest associated with the allocation of any investment opportunity in a manner that it determines in good faith to be reasonable and appropriate.

Trade Errors

As a fiduciary, Edelman Financial Engines seeks to effectuate trade orders and account related actions correctly, promptly and in the best interests of its clients. In the event an error occurs in the handling of any client transaction due to Edelman Financial Engines' actions or inactions, Edelman Financial Engines' policy is to promptly investigate and correct such errors without disadvantaging its clients, seeking a fair and appropriate resolution while taking into account the surrounding facts and circumstances.

Generally, if an error is categorized as a trade error and is the responsibility of Edelman Financial Engines, the client transaction will be corrected, and Edelman Financial Engines will be responsible for client losses resulting from an inaccurate or erroneous order, with certain possible exceptions for smaller errors valued at less than \$25.

Occasionally, an error is caused by a client. In those situations where Edelman Financial Engines can correct it, the error will be corrected promptly in the client's best interest and reviewed on a case-by-case basis to determine the party responsible for potential losses. Edelman Financial Engines relies on a significant amount of data from multiple sources and cannot guarantee that all relevant data are free from error. Clients should always review relevant documents to ensure that trades, information and data are accurate and free of error to the best of the client's knowledge.

II. Methods of Analysis and Investment Selection

Edelman Financial Engines – consistent with the general principles outlined above – relies upon an investment philosophy which seeks to help clients achieve their long-term investment goals. The Firm uses a number of different methods to model the risk and return properties of these investments, including returns-based style analysis, compositional analysis, and qualitative review of fund managers. Assessments of forward-looking returns may incorporate information on expenses, turnover, and risk-adjusted manager performance. For investments held in taxable accounts, Edelman Financial Engines may also analyze the tax efficiency of those investments.

For all account types, and consistent with its fiduciary duties, Edelman Financial Engines' policy is to exercise high levels of care and prudence in making and implementing investment decisions for client accounts. Edelman Financial Engines typically employs validation tests and operational oversight and quality control procedures. We also obtain and utilize information and data from a wide variety of public and private sources as well. Neither Edelman Financial Engines nor our planners independently verify or guarantee such information and data, which may not be free from error.

III. Risk of Loss

For all clients who invest in the markets through Edelman Financial Engines (or otherwise), regardless of the services they choose, investments (including investments in mutual funds and/or exchange-traded funds) have risks associated with them – including the risk of loss of principal. Edelman Financial Engines strives to help clients manage these risks to within acceptable levels. For example, Edelman Financial Engines constructs portfolios with allocations across numerous asset categories. This diversification is intended to reduce the volatility in clients' investment portfolios when compared to a single asset category, such as large cap growth stocks or small cap value stocks. While a diversified investment portfolio, including a portfolio of investment products representing different asset categories, can mitigate some risks, it does not and cannot prevent all loss. Ultimately, such risks are borne by the client, so we encourage clients to carefully read and consider these risks and discuss them with their planner if any questions arise.

Because any mutual fund, ETF, or annuity held in a client's Wrap Fee Program account has its own internal expenses, changing one or more investment funds in a model and, as a result, the relevant client accounts, will likely result in a change to the expense ratio of the overall portfolio. The resulting expense ratio may be higher or lower than the expense ratio of the original portfolio. If a change is made and the expense ratio of the new fund is in fact higher than that of the fund or investment that was replaced, clients will incur a greater expense than previously incurred (or vice versa if the expense ratio is lower). Clients should understand that, while Edelman Financial Engines takes the cost of particular investments into account when making investment decisions, cost is one of the many factors that are considered. Other factors that are considered include: overall diversification, return, risk adjusted return, exposure to particular asset classes or market sectors in which the Firm and Investment Committee have conviction, internal characteristics, trading impact, liquidity and manager reputation.

While not all risks are listed below, some of the material risks which may lead to a loss in the value of a client's overall account and/or risks which may attach to a specific investment product or vehicle include:

- **Market Risk** – The price of a security, bond, mutual fund or other investment may drop in reaction to tangible or intangible events and conditions at any time. Economic, political and/or issuer-specific events may cause the value of securities to rise or fall. Because the value of investment portfolios and holdings will fluctuate, there is the risk that a client will lose money and their investments may be worth less upon liquidation than it was at the time of purchase.
- **Business Risk** – There can be certain risks associated with investing in a particular industry or market sector. For example, investments in a fund which invests in energy sector holdings may be affected by external political or economic events affecting oil-producing companies or countries.
- **Category or Style Risk:** During various periods of time, one category or style of holdings may underperform or outperform other categories and styles. For example, during certain periods of time value-oriented mutual funds may outperform large cap growth funds, or vice versa.
- **Foreign Securities and Currency Risk** - Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.
- **Capitalization Risk** - Small-cap and mid-cap companies may be hindered due to limited resources or less diverse products or services, and their stocks have historically been more volatile than the stocks of larger, more established companies.
- **Interest Rate Risk** – Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds may become less attractive, causing their market values and the market value of any mutual fund or exchange-traded fund holding those bonds to decline.
- **Reinvestment Risk** – There is a risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (for example, at a lower interest rate). This risk is primarily related to fixed income securities.
- **Inflation Risk** – When any type of inflation is present, purchasing power may be eroding at the rate of inflation. Also referred to as purchasing power risk, this risk also reflects the possibility that the cash flows from an investment will not be worth as much in the future due to changes in purchasing power due to inflation.
- **Credit Risk** - Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and, thus, impact the performance of the issue – and any mutual fund or exchange-traded fund which holds it.
- **Concentration Risk** - There is a risk associated with having too much invested in a given sector, type of holding, or similar concentration. Concentration risk may be further

compounded by factors such as asset correlation or performance, and may be compounded by certain securities, or types of securities, being held in various investment vehicles in a portfolio.

- **Risks Associated with Positions in ETFs with which legacy EFS was Involved** – Certain Firm models include positions in the SPDR S&P North American Natural Resources ETF (“NANR”) and/or the iShares Exponential Technologies ETF (“XT”). At a certain point of time, Ric Edelman became interested in how new economy innovation and technology disruption would change investing. As a result, he articulated certain principles that BlackRock later used in creating XT. Ric Edelman played a similar role with respect to NANR. XT and NANR are sponsored and managed by BlackRock and State Street Global Advisors, respectively. Neither Ric Edelman nor Edelman Financial Engines receives any direct or indirect compensation from either of the funds or their respective affiliates based on the sale of, or investment in, either fund. For each of these funds a very significant percentage of each ETF’s total assets may be held by Firm clients. Such large concentrations present a variety of risks. For example, should the Firm decide to transition out of one or both of the funds, the high concentration of clients within NANR and XT could lead to liquidity risk and/or reputational risk. This risk may occur in relation to other ETFs or mutual funds within models at various times due to portfolio allocations and holdings as well.
- **Exchange-Traded Funds** – Exchange-Traded funds present market and liquidity risks. They are listed on a public securities exchange and are purchased and sold via the exchange at the listed price, which will vary based on current market conditions and may deviate from the net asset value of the exchange-traded fund’s underlying portfolio. There may also be a lack of an active market for certain funds, and/or losses from trading in secondary markets.
- **Performance of Underlying Managers** - We select the mutual funds and ETFs in a client’s portfolio based on a variety of criteria. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy. Should a fund manager deviate from such norms, or do a poor job of selecting investments, a given investment might underperform or face enhanced risk.

IV. **Performance-Based Fees and Side-by-Side Management**

Edelman Financial Engines does not charge any performance-based fees (that is, fees based on a share of capital gains on or capital appreciation of the assets of a client). Given this, Edelman Financial Engines does not manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee at the same time (or engage in side-by-side management). Please see Item 4 above for additional details on fees and compensation related to the advisory services which Edelman Financial Engines offers.

V. **Voting Client Securities**

As a general policy, Edelman Financial Engines will not vote proxies on behalf of clients. The Firm did agree to vote proxies on behalf of certain legacy Financial Engines clients in the past. The Firm is in the process of revisiting that agreement with relevant clients, who will receive relevant communications on this topic.

For taxable, IRA and other accounts historically managed through the retail channel at legacy Financial Engines, Edelman Financial Engines votes relevant proxies for clients if they have indicated to their custodian that proxies should be forwarded to Edelman Financial Engines and if the agreement between the client and Edelman Financial Engines indicates that the Firm will vote proxies on the client's behalf. Edelman Financial Engines votes proxies in such accounts only for mutual funds and exchange traded funds which appear on the Select List of mutual funds and ETFs. In rare circumstances, upon written request by a client directing us how to vote and meeting certain criteria, Edelman Financial Engines will vote a proxy related to an individual security or non-Select List mutual fund or ETF. If a client wishes to discuss directing Edelman Financial Engines on how to vote on a given proxy, such a client should speak to their planner or contact Edelman Financial Engines at 1-800-601-5957.

Edelman Financial Engines maintains a written policy regarding the standards considered when determining how a proxy will be voted for a security on the Select List. Generally, Edelman Financial Engines will look at a variety of factors to determine whether a given vote will reasonably appear to lead the fund or ETF to operate more or less efficiently with the best possible performance. Clients wishing to obtain a copy of this policy or wishing to obtain information about how specific securities were voted may call 1-800-601-5957 or request a copy in writing at: Compliance Department, Edelman Financial Engines, 28 State Street, 21st Floor, Boston, MA 02109.

As Edelman Financial Engines votes only relevant mutual funds and ETFs, it is not anticipated that conflicts of interest will arise. This is because of the diversification offered by mutual funds and ETFs and because Edelman Financial Engines planners do not receive sales loads, fees or other compensation from investment companies. In all circumstances, proxies are voted in a manner Edelman Financial Engines perceives to be in the best interest of the client.

Item 7: Client Information Provided to Portfolio Manager

Edelman Financial Engines planners meet with clients to discuss their needs. Investment objectives and risk tolerance are primary factors that help us recommend an asset allocation model. We also consider the client's personal situation, including age, health, family circumstances, income, expenses, assets, debts, liquidity needs, goals, personal objectives, suitability, time horizon and other relevant factors. Generally, if a client asks to place reasonable restrictions on the management of their wrap fee account the Firm will discuss those proposed restrictions with the client. Ultimately, a client will be placed in a model that is most suited to their needs and which allows for such reasonable restrictions as is appropriate. A client cannot usually request that we buy a particular holding or type of holding, although exceptions may be granted. We reserve the right, at our sole discretion, to close an account (or decline to open one in the first place) if unreasonable or overly restrictive conditions are requested.

Additionally, Edelman Financial Engines has no influence or control over the mix of securities held by any mutual fund, variable annuity or ETF in which client accounts may be invested.

Item 8: Client Contact with Portfolio Managers

Clients are generally free to contact Edelman Financial Engines and their planner or an assigned planner at any time during normal business hours via telephone, facsimile, mail or email. In-person meetings should be scheduled in advance to ensure that the planner is available.

Generally, clearing/custodian broker-dealers and the issuers or sponsors of investments used by the program are not available to answer questions or discuss specific investment issues. However, if a client has a specific need, we will make a reasonable attempt to arrange the discussion.

Item 9: Additional Information

I. Disciplinary Information

There are no legal or disciplinary events to disclose that are deemed material to a client or prospective client's evaluation of FEA's advisory business or the integrity of FEA's management.

II. Other Financial Industry Activities and Affiliations

FEA is not a registered broker-dealer or insurance agency. It is affiliated with Edelman Financial Services, LLC ("EFS"), which is an insurance agency. FEA is also under common indirect ownership and control with other broker-dealers and investment advisers, but FEA does not maintain any material business relationships with such other investment advisers and/or broker-dealers. We do not believe that these affiliations create a material conflict of interest for FEA's current or prospective clients.

All Edelman Financial Engines planners are fee-only and receive no commissions from affiliates or other entities. Neither Edelman Financial Engines nor any of its planners sell new broker-dealer products or services. The Firm continues to receive insurance related compensation in relation to products or services previously purchased by clients in certain circumstances, as discussed below. FEA does not sell or distribute proprietary investment products or assess sales charges. It does sponsor the Wrap Fee Program, for which a separate brochure is available. Certain planners maintain individual insurance licenses in order to enable them to provide comprehensive investment advice and financial planning to clients. No planners sell insurance products or services; for clients who have insurance needs, Edelman Financial Engines planners generally refer them to unaffiliated third-party insurance agencies or carriers to provide the most appropriate insurance product. The Firm is at times compensated with a percentage of relevant revenues generated on the sale of certain life insurance products. However, no client facing personnel receive commissions or other revenue as a result of this arrangement. No Edelman Financial Engines planners receive any commissions, sales credits or other compensation from such referrals. We do not believe that any of these activities create a material conflict of interest for Edelman Financial Engines' current or prospective clients. Clients are advised that they are under no obligation to purchase any insurance products through any FEA affiliate or unaffiliated insurance agency or carrier and that other, similar products may be less expensive elsewhere.

FEA is not a futures commission merchant, commodity pool operator, or commodity trading advisor, nor does it have any applications pending to register as one. Similarly, none of FEA's management persons are associated persons of a futures commission merchant, commodity pool operator, or commodity trading advisor, nor do they have any applications pending to register as one.

III. Code of Ethics

Edelman Financial Engines has adopted a Code of Ethics (the "Code") pursuant to SEC Rule 204A-1 and/or similar state rules. A copy of the Code will be provided to any client or potential

client upon request. To request a copy, please call 1-800-601-5957, or request a copy in writing at: Compliance Department, Edelman Financial Engines, 28 State Street, 21st Floor, Boston, MA 02109.

Of primary importance to the policies within the Code is adhering to a fiduciary standard and putting the interests of our clients first. Maintaining high standards of ethical conduct is core to Edelman Financial Engines and the manner in which we approach financial planning. To that end, the Code establishes and reinforces the standard of business conduct that is expected of employees and provides specific guidance related to avoiding actual or apparent conflicts of interest. The Code emphasizes certain governing principles that employees should always be mindful of in the course of their work, including the duty to place the interests of clients first, the importance of protecting material non-public information and the obligation to report violations of the Code. Persons designated as Access Persons under the Code are subject to additional, specific requirements with respect to their personal securities transactions, including the disclosure of all securities holdings on an annual basis, certain reporting on a transactional and quarterly basis and prior approval of transactions for certain designated securities and offerings. Neither the Firm nor its employees recommend to clients, or buys or sells for client accounts, securities in which the Firm or a related person has a material financial interest.

In the course of providing its advisory services Edelman Financial Engines does not select the investment alternatives available to workplace clients within their plans or publish any recommended list of securities. The Code has policies and procedures designed to prevent and/or detect such activities as front-running, trading in securities on the restricted or watch list, trading on insider information. This also ensures that employees comply with certain ethical constraints and otherwise act in a manner designed to ensure that no conflicts of interest take place. Violations of the Code risks serious sanctions, including potential loss of employment.

IV. Related Person May Invest in the Same Securities

The Code contains procedures for distribution and acknowledgement of the Code to all employees and the Firm provides training on its content and requirements both at the time of hire and periodically thereafter. The Code has a series of rules designed to ensure that trading activity of Access Persons is appropriate. At times, officers and employees may purchase securities for their own accounts that may, in certain instances, be the same securities as those recommended to clients, such as shares of certain exchange-traded funds. Planners may also invest their personal funds in the same programs used by clients, including in models contained in the Wrap Fee Program. They may participate in a 401(k) plan which similarly invests in one or more Wrap Fee Program model. In this way, planners (through investments in these models) may buy or sell the same underlying securities as clients also invested in such models. This can include interests in mutual funds, ETFs or insurance products. Although employees get a fee reduction on certain Wrap Fee Program accounts, these accounts are not given preferential trading treatment. Such accounts are monitored and rebalanced in the same manner as client accounts, in accordance with the same underlying model strategy.

V. Agency Cross Procedures

Edelman Financial Engines has policies and procedures in place to ensure compliance with the agency cross provisions of the Investment Advisers Act. Cross transactions do not apply to mutual funds since shares of mutual funds are purchased from their issuers and are not exchange-traded. Although ETFs are exchange-traded, Edelman Financial Engines does not

recommend that such shares be crossed from one advisory client account to another and does not act as a broker-dealer with respect to any such potential cross transaction.

VI. Review of Accounts

Accounts of wrap fee clients who interact with Edelman Financial Engines planners directly are typically reviewed daily for rebalancing; other accounts are reviewed periodically. While many accounts are reviewed as frequently as daily, all accounts are reviewed at least monthly and more frequently as market conditions dictate. Personalized Portfolios with downside protection are typically reviewed weekly. Such reviews are geared towards determining if rebalancing or reallocation is appropriate to keep clients invested in a manner which will help them achieve their financial goals. In addition to this account level review, the investment products recommended to clients are reviewed by members of the Investment Management team periodically, with that review considering amongst other things a fund's history, performance, cost, risk and asset exposure. Allocations are reviewed frequently to assess the need, if any, for a reallocation.

In addition to the above, individual planners review accounts on as frequent a basis as is appropriate to ensure that client accounts are invested appropriately. To that end, the planner review seeks to ensure that clients are enrolled in accounts and investments that are appropriate given their risk tolerance, goals and a variety of other factors. In addition, Edelman Financial Engines periodically performs an analysis of selected clients' accounts to determine if market movements or other changes have produced a deviation from the clients' designated investment models. If clients experience or anticipate changes in their personal situation, such as tolerance for risk, investment objectives or time horizon, clients are urged to contact Edelman Financial Engines to report those changes, so Edelman Financial Engines and client can assess whether changes to the client's investment accounts should be made. On at least an annual basis, clients are contacted in order to update their personal and financial information. The information is used to determine if there are any changes that could impact relevant account allocations, risk tolerance or other factors important to determining each client's investment portfolio. Clients may request an additional review at any time.

VII. Nature and Frequency of Client Reports

Clients participating in wrap fee models receive account statements at least quarterly from relevant custodians. Clients using most custodians also receive trade confirmations directly from those custodians, although those using E*TRADE Advisor Services will not receive copies of trade confirmations. Clients generally have unlimited and continuous access to their account information, including trades effectuated in their accounts, through websites offered and maintained by the account custodian and Edelman Financial Engines.

VIII. Client Referrals and Other Compensation

Turnkey Asset Management Program (TAMP)

Legacy EFS has established a Turnkey Asset Management Program ("TAMP"), whereby the Firm makes exclusively legacy EMAP models available to clients of select unaffiliated investment advisers ("TAMP Advisors"). Edelman Financial Engines performs a due diligence review of each TAMP Advisor and their investment advisor representatives who will be offering legacy EMAP models prior to establishing the relationship and on an ongoing basis thereafter. We provide systems, services, and back-office support to the TAMP Advisors. Dedicated staff at Edelman

Financial Engines administer and supervise the TAMP program. The TAMP Advisor initiates the relationship with the client and is the ongoing client relationship manager responsible for the relationship and such tasks as making investment recommendations and maintaining books and records. In such situations the advisory fee is shared between Edelman Financial Engines and the TAMP Advisor on a negotiated basis. The client does not pay an increased advisory fee because of this arrangement.

Client Referrals

Edelman Financial Engines compensates certain persons, entities and/or institutions for referrals. Compensation for client referrals is paid out of client fees paid to Edelman Financial Engines; however, clients pay only the fees and rates noted in the applicable fee schedule. Compensation paid to a solicitor is negotiated between the solicitor and Edelman Financial Engines. These referrals comply with the Cash Solicitation Rule of the Investment Advisers Act, respective federal and state laws governing the same, and ERISA, if applicable.

Edelman Financial Engines has policies in place meant to ensure that those who are referred to Edelman Financial Engines through a non-client referral receive appropriate disclosures. To that end, new clients are provided a copy of the Edelman Financial Engines ADV and a copy of relevant written disclosure documents about fees. In addition, each client for which Edelman Financial Engines pays a referral fee receives disclosures setting forth the nature of activities conducted by the person or entity making the referral, the nature of the fees paid by Edelman Financial Engines, whether Edelman Financial Engines is affiliated with the solicitor and any other material terms which may be important to a prospective client's decision to become an Edelman Financial Engines client under such circumstances.

In instances where Edelman Financial Engines utilizes a non-affiliated solicitor, the solicitor's role is limited to that of a solicitor. Such solicitors are not an agent, representative or employee of Edelman Financial Engines, and that solicitor does not provide investment-related advice on behalf of Edelman Financial Engines. Each such solicitor has agreed to act in accordance with Edelman Financial Engines' instructions and will not make any specific recommendations of securities or any other type of investment. Only Edelman Financial Engines will make specific recommendations to a client of Edelman Financial Engines. Edelman Financial Engines may also pay for advertising services on digital or other platforms.

Those who become clients (or enhance the services they obtain from us) due to some or all of those scenarios will not pay more than other clients, will not pay fees beyond those listed in relevant fee disclosures, and will receive the same level and quality of service as other clients. In addition, Edelman Financial Engines' fiduciary responsibilities, including the duty to obtain best execution when selecting brokers to execute securities transactions on behalf of clients, to clients are in no way impacted or reduced based on whether a client was referred.

Relationship with TD Ameritrade and Others**Advisory Panels**

From time to time, Edelman Financial Engines employees serve on TD Ameritrade Institutional, Dimensional Fund Advisors LP ("Dimensional"), Envestnet, Charles Schwab & Co., Inc., and/or Skience LLC Advisory Panels. The panels are sponsored by those companies and consist of independent advisers who advise those companies on issues relevant to the service, technology and products provided by them. Panel members are not compensated for their participation;

however, some of these companies will at times either pay or reimburse FEA employees for travel, lodging and/or meal expenses incurred when they attend panel meetings. From time to time, Dimensional or other companies may sponsor FEA corporate events, which could include use of their facilities. While service on these panels could create a conflict of interest, the economic sums involved are minimal and such conflicts, if they did exist, would be in FEA's opinion immaterial.

Salentica

Salentica (a vendor Edelman Financial Engines uses), along with other companies, has formed an "Institutional Alliance" with TD Ameritrade. Edelman Financial Engines uses Salentica as its Client Relationship Management (CRM) system and may from time to time use other vendors which are part of the Institutional Alliance. The relationships between Edelman Financial Engines, Salentica and TD Ameritrade, and their participation in the Institutional Alliance, may present a conflict of interest in that it may make it less likely that Edelman Financial Engines would move away from some or all of these potentially mutually beneficial relationships.

E*TRADE Advisor Services

For retail clients, E*TRADE Advisor Services provides custodial services to Edelman Financial Engines which include safekeeping of assets, producing quarterly account statements, deducting advisory fees from client accounts, and performing account allocations. E*TRADE Advisor Services also directs third parties to handle trade execution, clearance, and settlement of transactions. These tools benefit Edelman Financial Engines but may not benefit client accounts. Furthermore, the annual asset fee that E*TRADE Advisor Services charges is contingent upon the assets under custody that Edelman Financial Engines holds with E*TRADE Advisor Services. Edelman Financial Engines participates in E*TRADE Securities LLC ("E*TRADE")'s referral program.

These arrangements with E*TRADE Advisor Services and E*TRADE, and the economic benefits to Edelman Financial Engines that result, create a potential conflict of interest and could directly or indirectly influence Edelman Financial Engines to make it more likely that a client will choose E*TRADE Advisor Services for custody and brokerage services even though a custodian other than E*TRADE Advisor Services may be able to provide better quality service or provide services at a lower cost. However, because the cost to the client of these custodial services is included in the wrap fee, lower costs to Edelman Financial Engines will not be reflected in the client's costs. However, Edelman Financial Engines would not act in a manner which it felt was not in the best interest of its clients.

E*TRADE Securities LLC ("E*TRADE")'s Referral Program

Additionally, Edelman Financial Engines participates in E*TRADE Securities LLC ("E*TRADE")'s referral program. E*TRADE is an independent, unaffiliated broker-dealer registered with the SEC. E*TRADE does not have the authority to make representations or accept clients or accounts on behalf of Edelman Financial Engines. E*TRADE is not providing any investment advice to Edelman Financial Engines. It is Edelman Financial Engines' sole discretion whether to accept or reject a referral from E*TRADE and Edelman Financial Engines is solely responsible for determining the suitability of any advisory services provided to the referred client. Planner's participation does not reduce or eliminate planner's fiduciary duties to clients it otherwise

would have. E*TRADE will generally not allow its clients to participate in the E*TRADE Advisor Network unless they have a minimum of \$400,000 in investable assets.

Edelman Financial Engines pays E*TRADE a referral fee of 23 basis points for as long as the referral remains an investment advisory client of Edelman Financial Engines. Edelman Financial Engines also pays such referral fees to E*TRADE if additional accounts over which a referred client has beneficial ownership or authority engages with Edelman Financial Engines for investment advisory services, or if certain of the referred client's relatives or members of their household also engage with Edelman Financial Engines for investment advisory services. Referred clients will not pay any additional or higher fees as a result of being referred from E*TRADE. Clients who are referred to Edelman Financial Engines through this program will generally pay a lower fee for the services they receive than other clients.

TDA AdvisorDirect® Program

Edelman Financial Engines participates in the TD Ameritrade Institutional Program known as AdvisorDirect®. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an independent and unaffiliated SEC registered broker-dealer and FINRA member. The AdvisorDirect® program allows TD Ameritrade to refer its brokerage clients and other investors seeking fee-based personal investment management or financial planning services to other investment advisers such as Edelman Financial Engines. TD Ameritrade will generally not allow its clients to participate in AdvisorDirect® unless they have a minimum of \$750,000 in investable assets. TD Ameritrade does not supervise Edelman Financial Engines and has no responsibility for our management of client asset allocation models or other advice or services. To participate in AdvisorDirect®, an advisor must meet certain minimum eligibility criteria. However, AdvisorDirect® is not open to all advisors who meet these minimum criteria. TD Ameritrade limits the number of advisers based on the services provided and investment style of the advisor.

We receive client referrals from TD Ameritrade through participation in the AdvisorDirect® program that result in an economic benefit to Edelman Financial Engines. We pay TD Ameritrade an ongoing fee for each successful client referral. For referrals that occurred through AdvisorDirect before April 10, 2017, this fee is a percentage (not to exceed 25%) of the advisory fee that the client pays to Edelman Financial Engines. For referrals that occurred through AdvisorDirect on or after June 9, 2017 the fee is annualized, based on the amount of referred client assets that does not exceed 25% of 1%, unless such client assets are subject to a "Special Services Addendum." In the case of a Special Services Addendum, the fee is annualized, based on the amount of referred client assets that does not exceed 10% of 1%.

We also pay TD Ameritrade a referral fee on any assets we receive from any of certain of a referred client's family members who also become an Edelman Financial Engines client on the recommendation of such referred client. Clients who are referred to Edelman Financial Engines through this program will generally pay a lower fee for the services they receive than other clients. For more information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect® Disclosure and Acknowledgment Form.

TD Ameritrade Institutional Program

Edelman Financial Engines also participates in the TD Ameritrade Institutional Program. We receive services that include custody of client securities, trade execution, clearance and settlement of transactions as a result. The Institutional Program provides additional economic benefits to Edelman Financial Engines that are not typically available to TD Ameritrade retail investors. There is no direct link between Edelman Financial Engines' participation in the program and the investment advice it gives to its clients. The economic benefits include the following products and services, which are provided at no cost or at a reduced cost to Edelman Financial Engines:

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving Edelman Financial Engines
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology and/or other services
- Practice management products or services provided to Edelman Financial Engines by third-party vendors
- Business consulting and professional services received by Edelman Financial Engines-related persons (may be paid for by TD Ameritrade)

Some of the products and services made available by TD Ameritrade through the Institutional Program may benefit Edelman Financial Engines but may not benefit client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Edelman Financial Engines manage and further develop our business enterprise. The benefits received by Edelman Financial Engines or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Edelman Financial Engines at times recommends TD Ameritrade to clients for custody and brokerage services. Therefore, receiving these economic benefits creates a conflict of interest and could directly or indirectly influence Edelman Financial Engines to recommend TD Ameritrade to clients for custody and brokerage services.

The custodians that Edelman Financial Engines uses (TD Ameritrade, Fidelity, or E*TRADE Advisor Services) offer various services to Edelman Financial Engines, including custody of client securities; trade execution; clearance and settlement of transactions; access to platform systems; duplicate client statements; research-related products and tools; access to a trading desk; access to block trading; the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and use of overnight courier services. Some of these services may benefit Edelman

Financial Engines but may not benefit our clients and receipt of these economic benefits creates a conflict of interest and could directly or indirectly influence Edelman Financial Engines to recommend a certain custodian to clients for custody and brokerage services. These custody services are paid for as part of the client's wrap fee.

TDA Sponsorship of Edelman Financial Engines Corporate Events

From time to time, TD Ameritrade may sponsor Edelman Financial Engines corporate events or make certain donations. The decision to act as a sponsor of Edelman Financial Engines corporate events is at their sole discretion and expense. The sponsorship of Edelman Financial Engines corporate events by TD Ameritrade provides indirect economic benefits to Edelman Financial Engines and creates a potential conflict of interest that could indirectly influence Edelman Financial Engines to recommend TD Ameritrade to clients for custody of assets and brokerage services.

Charles Schwab & Co., Inc.

Legacy Financial Engines has entered into a marketing support agreement with Charles Schwab & Co., Inc. for which legacy Financial Engines receives payment from Schwab each quarter. This money reduces legacy Financial Engines' expenses tied to client acquisition efforts. In addition to benefiting legacy Financial Engines, Schwab will benefit indirectly from those efforts through the establishment of multiple client accounts at Edelman Financial Engines with Schwab as a custodian of client non-workplace accounts. Financial Engines clients are not required to select Schwab as their custodian in order to receive Financial Engines services generally but are currently required to select Schwab as custodian in order to receive the Personal Advisor level of service. Because Financial Engines receives an economic benefit, Financial Engines has a conflict of interest if it encourages or requires that clients use Schwab as a custodian. Financial Engines clients are not charged a different or additional fee based on their custodian selection, and such agreement does not have any impact on the determination of the advice and/or management that Financial Engines provides to its advisory clients. In addition, such agreement does not require the maintenance of any specified number of accounts or amount of assets under management in Schwab accounts.

Unrelated to its services in the workplace, if a client accesses legacy Financial Engines services directly, and the client selects Schwab as custodian, its business unit, Schwab Advisor Services provides certain services to legacy Financial Engines. These services include access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail clients. Schwab also makes available various support services, some of which help us manage or administer our clients' accounts, while others help us manage and grow our business. Legacy Financial Engines does not charge clients a different advisory fee based on the client's selection of custodian.

Evaluation of NANR, XT and Other ETFs

Certain models available through the Wrap Fee Program include positions in the SPDR S&P North American Natural Resources ETF (NANR) and the iShares Exponential Technologies ETF (XT). Ric Edelman initially articulated the principles that BlackRock later used in creating XT. Legacy EFS played a similar role with respect to NANR. XT and NANR are sponsored and managed by BlackRock and State Street Global Advisors, respectively. Neither Ric Edelman nor Edelman Financial Engines receives any direct or indirect compensation from either of the funds

or their respective affiliates based on the sale or investment in either fund. For each of these funds, a very high percentage of each ETF's total assets may be held by Wrap Fee Program clients. There is a conflict of interest regarding the initial role that legacy EFS and/or Ric Edelman played in the suggestion for or the creation of these two ETFs, as well as any promotion of NANR or XT by Edelman Financial Engines and/or Ric Edelman, in that Edelman Financial Engines may receive indirect economic and other benefits from the association of its name with that ETF. That conflict could influence our decision to use either State Street Global Advisors' SPDRs or BlackRock's iShares to provide ETFs in the Wrap Fee Program.

Ric Edelman frequently speaks, writes and opines on a variety of topics through multiple platforms, including on blockchain technologies, cryptocurrencies and assets, cybercurrencies and exponential technologies. His views do not necessarily represent those of the Firm generally, and do not constitute a recommendation for any specific Firm client or groups of clients. He has passive and non-passive participation with, and investments in, various bodies, boards and entities tied to these and similar technologies. This may create a potential conflict of interest to the extent that Edelman Financial Engines and/or Edelman Financial Engines models contain investments or allocations associated with such areas of the economy.

Economic Benefits from Third Parties

Edelman Financial Engines and/or Ric Edelman may enter into discussions with a third-party, including existing vendors or other service providers regarding joint ventures, partnerships, marketing initiatives or other such forms of cooperation. Edelman Financial Engines may also use third-parties, including existing vendors or service providers in a consultative manner, sounding them out for advice or insight, at no or a reduced cost to Edelman Financial Engines, which the Firm could use for its proprietary purposes and/or for the potential benefit of our clients. This activity could create a conflict of interest to the extent that it benefits Edelman Financial Engines and such benefits are not passed on to the client, or Edelman Financial Engines otherwise makes decisions with respect to that third-party which may adversely affect the client. In addition, to the extent Edelman Financial Engines has an arrangement or relationship with a third-party separate and apart from that third-party's provision of services to our clients, Edelman Financial Engines judgment with regard to those services could be affected by its arrangement or relationship.

Funding Our Future Initiative

Funding Our Future is an alliance of organizations dedicated to making a secure retirement possible for all Americans. The alliance informs the public about the barriers to retirement security and calls on policymakers to make strengthening retirement policies a top priority. It was co-founded by legacy EFS and the Bipartisan Policy Center, a non-profit organization acting as a think tank to address key challenges facing the nation. Edelman Financial Engines has asked third-party service providers to make donations to the initiative. The publicity which Edelman Financial Engines receives from the initiative represents an economic benefit. The donations may affect our judgment with regard to the services provided by those third-parties, which may not benefit the client, creating a conflict of interest.

All of the above conflicts, to the extent they are deemed to actually exist, are considered immaterial to Edelman Financial Engines. Further, policies and procedures are in place to ensure that the Firm and its personnel act in the best interest of clients.

IX. Financial Information

Edelman Financial Engines does not require or solicit prepayment of more than \$500 in fees per client six months or more in advance. While Edelman Financial Engines has discretionary authority or custody of client funds or securities, Edelman Financial Engines does not believe that there is any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients. Edelman Financial Engines has not been the subject of any bankruptcy proceeding at any time during the past ten years.