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Client Relationship Summary - Conversation Starter Supplement

Wealthfront Advisers LLC and Wealthfront Brokerage LLC

Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?

You should only choose an investment advisory and brokerage service if you're ready to start investing in the first place. For most people, this will be once you've covered health and disability insurance and built a reasonable emergency fund. Wealthfront is an investment advisory and brokerage service for people who prefer to manage their lives via apps. Wealthfront is probably not the most appropriate service for someone who wants frequent feedback from a human advisor.

How will you choose investments to recommend to me?

To provide our investment advisory services and make decisions tailored to your specific needs, Wealthfront Advisers collects information from you about your financial situation, risk tolerance, and investment goals. Wealthfront Advisers maintains this information in strict confidence subject to our [Privacy Policy](#).

How we choose investments to recommend in taxable accounts or IRAs

We offer several types of Automated Index Investing accounts that provide portfolios we recommend based on your financial situation, risk tolerance, and investment preferences. If you choose a recommended portfolio, we create an investment plan that's consistent with your risk tolerance. We choose investments based on: (1) the optimal asset classes in which to invest, (2) the most appropriate exchange traded funds ("ETFs") or other investments to represent each of those asset classes, and (3) the ideal mix of asset classes based on your risk tolerance based on Modern Portfolio Theory. We select ETFs with high liquidity, low expenses, and low tracking error. However, this selection process does not guarantee the quality of a particular ETF or that it will be profitable, properly track any comparable index, or trade in a liquid fashion. Our recommended portfolios also include portfolios for socially responsible investing ("SRI"). Our SRI portfolios use ETFs that include higher proportions of companies that score well for Environmental, Social, and Governance ("ESG") measures, according to the investment research company MSCI.

You may customize our recommended Classic or SRI portfolios, which allows you to select from a variety of ETFs or investments.

For taxable accounts, Wealthfront Advisers offers tax-loss harvesting ("TLH"). TLH is a service designed to lower your taxes while maintaining your desired risk and return profile. When appropriate, TLH takes advantage of market volatility to reduce your tax bill by selling investments that have declined in value at a loss and temporarily replacing them with similar investments. You can then apply the realized loss to lower your tax liability, and the tax savings can be reinvested to grow the value of your portfolio. Wealthfront Advisers' basic TLH strategy is available to all Clients who choose our recommended portfolio or who customize their portfolio and select ETFs that support TLH. US Direct Indexing is available for Clients with account sizes in excess of \$100,000 and is applied to the domestic equity allocation in taxable account portfolios.

How we choose investments to recommend in 529 plan college savings accounts

Based on your risk score, Wealthfront Advisers builds a diversified portfolio using up to nine of the 529 plan's separate municipal fund securities (each a "MFS"). Each MFS contains a single underlying ETF that represents a

particular asset class. Wealthfront Advisers uses your risk score to assign your portfolio to one out of 20 glide paths. These determine how your individual portfolio allocation will change over time. Each glide path gradually shifts the asset allocations of your portfolio to progressively lower levels of expected risk as the beneficiary's expected matriculation date approaches. Your starting point along the glide path is based on when the beneficiary expects to matriculate.