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March 30, 2020

**Digital Advice Program**

This Form ADV, Part 2A (“Wrap Fee Program Brochure”) provides information about our qualifications and business practices as they relate to the Digital Advice Program. Citizens Securities, Inc. (“CSI”), also known as Citizens Investment Services, is a registered investment adviser with the SEC. Our registration as an investment adviser does not imply any level of skill or training. The oral and written communications provided to clients and prospective clients, including this Wrap Fee Program Brochure, is information clients and prospective clients use to evaluate CSI (and other advisers) and which are factors in a decision to hire CSI or to continue to maintain a mutually beneficial relationship.

***This Wrap Fee Program Brochure provides information about the qualifications and business practices of Citizens Securities, Inc. If you have any questions about the content of this Wrap Fee Program Brochure, please contact Citizens Securities, Inc. at 1-855-635-6663. The information in this Wrap Fee Program Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any State Securities Authority.***

***Additional information about Citizens Securities, Inc. is also available at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select “investment adviser firm” and type in our firm name). Results will provide both Part 1 and Part 2A of our Form ADV.***

## **Item 2: Material Changes**

This Wrap Fee Program Brochure, dated March 31, 2020, provides you with a summary of the Citizens Digital Advice Program. CSI notes the following material changes since this Wrap Fee Program Brochure was last updated on September 13, 2019:

- Item 4: CSI added the SpeciFi Save & Grow™ option to the Digital Advice Program.
- Item 5: The account minimum has been changed from \$5,000 to \$2,000.
- Item 8: The business hours for the Phone Bank have been changed from 9am through 9pm Eastern Standard Time (“EST”) to 8am-6pm EST.
- Item 9: *Banking Activities* has been revised to reflect the addition of SpeciFi Save & Grow.

### **Future Filings:**

In future filings, this section of the Wrap Fee Program Brochure will address only those “material changes” that have been incorporated since the last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **How to Obtain a Current Wrap Fee Program Brochure**

If a client or prospective client would like another copy of this Wrap Fee Program Brochure, please download it from the SEC Website as indicated above or contact 1-855-635-6663.

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## **Item 4: Services, Fees and Compensation**

### **Our History and Owners**

Citizens Securities, Inc. (“CSI,” “we” or “us”) is a corporation organized under the laws of Rhode Island and was established in September 1995. We have been registered with the SEC as a broker-dealer, and have been a member of the Financial Industry National Regulatory Authority or “FINRA” (formerly the National Association of Securities Dealers, Inc., or “NASD”) since May 1996. In March 2003, we registered with the SEC as an investment adviser under the Investment Advisers Act of 1940. Prior to that time, we were registered as an investment adviser under the laws of the states in which we operated.

We are 100% directly owned by Citizens Bank, N.A. (the “Bank”), a national banking association, and by its parent company, Citizens Financial Group, Inc., a bank holding company.

### **The Advisory Services We Offer**

We offer investment advisory services to both existing and prospective clients through two primary advisory offerings: (1) the Citizens Digital Advice Program (referred to as the “Digital Advice Program”) and (2) the Citizens Select Portfolio Managed Account Program. The Digital Advice Program, which is described in this Wrap Fee Program Brochure, is a digital advisory offering in which an unaffiliated investment advisory firm acts as a sub-adviser. The Citizens Select Portfolio Managed Account Program (the “Managed Account Program”), a turnkey asset management program sponsored and administered by Envestnet Asset Management, Inc., an unaffiliated investment advisory firm, is described in further detail in a separate Form ADV Appendix 1 (the “Managed Account Wrap Fee Program Brochure”). In addition, under certain circumstances we provide clients access to certain third-party managers, models and funds with respect to which we do not perform due diligence. Please refer to the current version of our Managed Account Wrap Fee Program Brochure for information regarding these services. The information in this Wrap Fee Program Brochure pertains to the Digital Advice Program only. We do not provide legal, tax or accounting advice.

### **Citizens Digital Advice Program**

The Digital Advice Program is an online investment advisory program under which we provide investment recommendations and discretionary investment management of the assets held in clients’ advisory accounts. We offer the Digital Advice Program through an agreement with SigFig Wealth Management LLC (“SigFig” or “Manager”), an independent investment adviser that is not affiliated with us. The Manager provides sub-advisory services through the Digital Advice Program, including the implementation of model portfolios recommended by us for client accounts. Clients and prospective clients will receive, and should review, a copy of SigFig’s Form ADV Part 2A (the “SigFig Disclosure Brochure”), which contains additional information regarding SigFig’s services, processes and policies.

Clients and prospective clients should understand that the Digital Advice Program is a digital offering and that our primary method of communicating with clients and providing clients investment advice will be through the Digital Advice Program website, mobile applications or other digital interfaces that we may make available from time to time (collectively, “the Site”).

The Program is an investment advisory program under which we provide investment recommendations and discretionary investment management of the Eligible Assets<sup>1</sup> held in the Specifi brokerage account you open to custody your advisory assets (the “Account”). Specifi is offered as either a standalone investment portfolio (“Specifi Standalone”), or as an investment account with functionality which allows you to elect to contribute and maintain a portion of your Account balance in Restricted Cash with the remainder of your Account balance designated for investment in an investment portfolio (“Specifi Save & Grow”). Specifi Save & Grow is only available with Individual and Joint Tenants with Rights of Survivorship accounts (“Non-Qualified Accounts”).

The Digital Advice Program uses the Manager’s proprietary investment algorithms (“Algorithms”), in which certain parameters may be customized by CSI, to recommend a Portfolio, to manage individual clients’ digital investment advisory accounts (“Accounts”) and to provide the services described in this Wrap Fee Program Brochure, including: for the purpose of determining the Portfolio to recommend to each client based on the information provided in such client’s risk tolerance questionnaire (“RTQ”); for the purpose of providing instructions for execution of transactions in each client’s Account; to monitor Accounts regularly to determine whether to rebalance based on parameters determined by CSI in its sole discretion (current drift parameters vary based on the percentage of the Portfolio that a particular asset represents); at a client’s election, for tax-loss harvesting purposes (as further described below); and to the extent a client transfers assets into Account “in kind,” to determine whether to sell, liquidate or dispose of some or all of those assets either immediately or at a future point in time. Manager’s investment advisory personnel oversee the operation of the Algorithms.

We also offer a tax-loss harvesting feature within the Digital Advice Program in which clients may elect to participate, whereby Manager will use the Algorithms to analyze tax-loss harvesting opportunities (such as gain and loss management) and wash sale management. Clients, and not CSI, are responsible for any tax consequences or tax or filing obligations resulting from their decision to enroll in the Digital Advice Program and from their election of tax-loss harvesting, if applicable. The Digital Advice Program’s tax-loss harvesting feature does not provide a comprehensive tax management solution. CSI and the Manager do not provide tax advice; clients should consult their tax advisor prior to making any decisions that may affect their tax obligations.

Under the Digital Advice Program, we collect and analyze certain financial and demographic information (as discussed in the “Client Information Provided to Portfolio Managers” section below) to recommend an asset allocation portfolio comprised of exchange-traded funds (“ETFs”) (the “Program Funds”) that is diversified across multiple asset classes and cash (the “Portfolio”). Each Portfolio is designed to optimize a client’s portfolio based on a range of factors, including: volatility, stock/bond split, expense ratio of underlying funds, geographic diversification, cash allocation and single stock concentration. Clients have the option of accepting the Portfolio recommended by the Algorithms or completing the RTQ again (in which case, if we assess such client’s risk tolerance to be sufficiently different based on the new responses to the RTQ, we will recommend a different Portfolio). Clients should understand that completing the RTQ again for the purpose of receiving a different Portfolio recommendation, or otherwise providing information in

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<sup>1</sup> Eligible Assets are defined as all assets held in your Account, including all security positions, cash (including any interest or dividends received) and cash alternatives, less any restricted assets (which may include cash or securities). For the avoidance of doubt, in a Specifi Save & Grow Account, Restricted Cash is not included in Eligible Assets.

the RTQ that is not accurate or complete with respect to their actual circumstances, may result in the recommendation of a Portfolio that is not risk appropriate for such client.

Establishing an advisory relationship with CSI through the Digital Advice Program involves the following steps:

Through the Site, a client completes an RTQ, developed by the Manager and approved and modified by us, to identify his or her needs and objectives, investment time horizon, risk tolerance and other pertinent information.

We use the information compiled in the RTQ regarding the client's age, time horizon, income, liquid assets, estimated percentage of household income that such client saves, and risk tolerance to select a risk appropriate Portfolio.

For a Save & Grow account, the client will have the opportunity to select a contribution amount to Cash Management Services as well as to set up monthly contributions, if any.

Once the client approves the Portfolio, he or she will sign an investment management agreement with CSI that establishes his or her Account, evidences his or her approval of the Portfolio and grants investment discretion and discretionary trading authority over his or her Account to CSI (and, through CSI, to the Manager).

In order to participate in the Digital Advice Program, clients must also establish a brokerage account with CSI. Each client will enter into a separate customer agreement for CSI to act as introducing broker-dealer for all transactions within that client's Account. Please refer to "Brokerage Practices" below for additional information.

After a client has established his or her Account, the assets in such Account will be managed on a discretionary basis in accordance with such client's Portfolio.

In order to permit sufficient time to ensure that the transfer of assets into your Account has been successfully completed by the financial institution that maintains your bank or brokerage account and complete any other required processing, there may be a short delay of typically no more than 3 business days between the time that the applicable deposit is credited to your Account and the time when Manager begins to generate and place the orders for purchases of Program Funds. You hereby acknowledge and agree that, as a result, each deposit or transfer you make will generally not be invested in your Portfolio immediately and that such uninvested cash will not be subject to financial gains or losses resulting from movement in market prices.

Accounts and the asset allocation models underlying the Digital Advice Program are managed on a fully discretionary basis. Clients may, however, impose reasonable investment restrictions on the management of their Accounts. The determination as to whether a requested investment restriction is reasonable is solely that of CSI or our designee. If a client's request is deemed to be unreasonable, or if we determine that a previous restriction has become unreasonable, we will notify the client that, unless the instructions are modified, we may reject or terminate the Account.

Clients are responsible for updating their profile and notifying us through the Site in the event there are changes in a client's financial or demographic information or financial goals, or any other information provided in the RTQ, so that we can help each client assess whether the Portfolio is still appropriate for the client. In any event, we will contact each client electronically at least once annually to retake the RTQ and discuss any changes in their financial circumstances and whether

the client wishes to impose reasonable restrictions on the management of his or her account or wishes to reasonably modify existing restrictions.

CSI shares the information clients provide in their RTQs and subsequently through the Site with the Manager, to enable the Manager to (i) exercise discretion with respect to the day-to-day management of each client's Account; (ii) provide instruction to CSI's clearing firm ("Program Custodian") for execution of transactions in each client's Account; and (iii) perform such other services as CSI, in its sole discretion, may delegate to the Manager. CSI may also share this client-provided information with its Financial Advisors, who may subsequently contact the relevant client to offer additional services available from CSI.

### **Brokerage Practices**

In connection with a client's participation in the Digital Advice Program, the client will authorize the Manager to place all trades in his or her Account through CSI, in its capacity as an introducing broker-dealer, to be executed through the Program Custodian. The Program Custodian is responsible for executing, clearing and settling such transactions and maintains custody of the assets in the Accounts. Clients will bear the risk of such transactions. Clients should understand that Manager will trade through CSI for execution through the Custodian even if the use of a different broker-dealer may result in lower prices or more favorable execution. Clients will receive the price at which such orders are executed in the marketplace.

When Manager deems a transaction to be in a client's best interests as well as the best interests of other clients of Manager, to the extent permitted by applicable law and regulation, Manager will aggregate multiple client orders to obtain the most favorable price and/or lower execution costs at the time of execution.

### **How the Firm is Paid for its Services**

For services provided under the Digital Advice Program, clients pay an annual asset-based fee calculated and charged on a monthly basis in arrears ("Program Fee") of 0.50%. The Program Fee includes the advisory services provided by CSI and Manager, including asset allocation recommendations, performance reports, periodic rebalancing of accounts, document processing, information systems and other administrative services, as well as brokerage, custodial and administrative services provided by the Program Custodian. CSI pays a portion of the Program Fee to the Manager.

In addition to the Program Fee, clients will incur certain other charges and expenses. These costs are in addition to the wrap fees paid to us. Please see "Costs Not Covered by the Program Fee" below for additional information.

### **Program Fee Billing**

The Program Fee typically is paid monthly in arrears by applying the applicable fee rate (as specified in the fee schedule) to the "Eligible Assets" in the Account, which are defined as all assets held in the Account as of the last business day of the preceding calendar month, including all security positions, cash (including any interest or dividends received) and cash alternatives, less any restricted assets (which may include cash or securities). For the avoidance of doubt, in a

SpeciFi Save & Grow Account, Restricted Cash is not included in Eligible Assets. . The value of Eligible Assets will be as determined by the Manager. The following procedures will apply:

The initial Program Fee will be calculated and debited at the beginning of the calendar month following the month in which the initial investment is made. The initial Program Fee for any partial calendar month will be pro-rated based on the number of calendar days in the partial month.

After the initial payment period, the Program Fee will be calculated at the beginning of each calendar month, based on the value of Account on the last business day of the prior calendar month.

If an Account is terminated and all assets of the Account are withdrawn prior to the end of a month, no Program Fee will be payable by the client with respect to such final partial billing period.

We will calculate the applicable Program Fee and provide the amount due to the Program Custodian. The Program Custodian will automatically deduct the amount due from a client's Account. We typically hold sufficient cash in each Portfolio to cover the Program Fee. To the extent that there is not sufficient cash in the account, a security or securities will generally be sold to pay the Program Fee and restore the cash allocation in the Portfolio.

The Digital Advice Program may cost you more or less than purchasing the advisory, brokerage and custody services separately.

**CSI offers certain other advisory programs, as further described in our Managed Account Program Wrap Fee Program Brochure. The fees charged by these programs differ from those charged under the Digital Advice Program.**

When you consider the Digital Advice Program and compare it to other programs and account types, including with respect to their relative costs, you should consider various factors, including, but not limited to:

- Your preference for an investment advisory or brokerage relationship;
- Your preference for a discretionary or a non-discretionary relationship;
- Your preference for a fee-based or commission-based relationship;
- The types of Program Funds available in the Digital Advice Program, and whether you wish to invest in collective investment vehicles that are not available in the Digital Advice Program, such as mutual funds; and
- The scope of ancillary services that may be available to you in a brokerage account or in another advisory program, but which are not available in the Digital Advice Program.

#### **Costs Not Covered by the Program Fee**

The Program Fee does not include the costs of certain ancillary services charged to you by CSI or the Program Custodian, including regulatory fees, fees for ACAT exits, returned checks, stop payment requests, research, and small Account balances, as well as wire fees and certain fees relating to use of the mail, including postage and handling charges, the charges to carry tax lot information on transferred investment vehicles, transfer taxes, exchange fees, execution fees (foreign and/or domestic) when applicable, ADR custodial pass through fees, and any other fees required by law. Please refer to the Miscellaneous Fee Schedule available on the Site for more information regarding such additional fees, including their respective rates. The Miscellaneous Fee

Schedule may be revised from time to time, as further discussed in the “Changes in Our Fees” section below.

*In-Kind Transfers.* If a client transfers assets into their Account “in kind,” the Manager will have the discretion to sell, liquidate or dispose of some or all of those assets either immediately or at a future point in time. In such event, a client will incur a brokerage commission or other charge, including a CDSC. The “in kind” transfer or liquidation of assets also may have tax consequences for the client. Accordingly, clients should consult with their financial advisor and tax consultant before transferring assets in-kind into an Account. If a client transfers shares of a mutual fund into their Account and such mutual fund is sufficiently similar to a Program Fund, the Manager will have the discretion to retain such shares in the client’s Account. To the extent any such mutual fund charges 12b-1 fees, CSI will rebate to clients any such 12b-1 fees that CSI would ordinarily receive during the holding period for any such shares.

*Custodian Fees and Charges.* The customary, ongoing custody fee charged by the Digital Advice Program Custodian will be paid out of the Program Fee. However, the Program Fee will not cover certain fees and charges of the Program Custodian, including (but not limited to) fees associated with the following specific Account services: ACAT transfers; wire transfer charges; and other optional services which a client elects to request.

*Program Fund Expenses.* The Program Fee also does not include the fees and expenses clients will be responsible for paying as a shareholder in each of the Program Funds. All Program Funds will have ongoing expenses that will impact the return received by the relevant Account. These ongoing expenses include management fees, distribution expenses, shareholder servicing, administrative service and similar fees. Program Fund charges and expenses are subject to change. A detailed explanation of fund fees and expenses is contained in each fund’s prospectus. Clients should carefully read each fund’s prospectus.

### **Additional Compensation**

We act as a broker-dealer in addition to acting as an investment adviser. If a client opens an Account with securities previously purchased through us or one of our representatives, that client will already have paid a commission on the purchase to us or our representative, or both. Similarly, if a client opens an Account with cash proceeds from the sale of securities through us or our representative, we or our representative, or both, may have already received commissions of the sale.

Employees of our affiliates will have the opportunity to refer clients to the Digital Advice Program. Such referrals may result in the receipt by the relevant employee of a referral fee from its employer. We will comply with all applicable requirements of SEC Rule 206(4)-3 under the Investment Advisers Act of 1940 in connection with any referral arrangements subject to SEC Rule 206(4)-3, including appropriate disclosure of referral arrangements to our clients and maintenance of referral agreements. Clients have the option of obtaining certain of the investment products we recommend for our Accounts through brokers or other agents that are not affiliated with us.

## **Changes in Our Fees**

We and the Manager, upon 30 days prior notice to clients, may revise the Program Fee or the Miscellaneous Fee Schedule, including in a way that may cause the fees payable by a client to increase. A client will be deemed to have approved a fee change unless he or she objects to the fee change by sending written notice to us or the Manager, as applicable, within 30 days from the date of the fee increase notification. We further reserve the right to negotiate, discount or waive any fees associated with the Program in general or payable by any particular client or group of clients in our sole discretion. Furthermore, our employees and employees of our affiliates may be entitled to a discount of the Program Fee by virtue of their employment with us.

## **Account Termination**

A client's Digital Account investment management agreement is not effective until it is accepted by us. In addition, clients and CSI each have the option to terminate an Account investment management agreement by providing written notice to the other party.

### **Item 5: Account Requirements and Types of Clients**

We provide services to, among others:

- Individuals, including high net worth individuals
- Individual retirement plans

In order to establish an Account, a prospective client must sign up for an investment management account with us. In addition, the prospective client must open a new custodial account with our Program Custodian, National Financial Services LLC ("NFS").

The following minimum amount is required in order to establish and maintain an Account under the Digital Advice Program: \$2,000. We reserve the right to waive or change the required account minimum with respect to the Digital Advice Program or a client or group of clients therein in our sole discretion. Please note that the Save & Grow option must be opened with a minimum of \$2,000 in Program Funds, and funds deposited (or "swept") in Cash Management Services are not considered for the purposes of meeting the account minimum.

There is a minimum of \$2,000 in Eligible Assets required to open a SpeciFi Save & Grow Account. A Standalone SpeciFi account may be opened with less than \$2,000, however, until such account contains at least \$2,000 in Eligible Assets, management will not commence, nor will any Program Fees apply. Once any Account in the Digital Advice Program is opened and contains Eligible Assets of at least \$2,000, the Manager will invest such funds for the Client in accordance with his or her assigned Portfolio, at which time, management of the Account will commence and Program Fees will apply. For all Accounts in the Digital Advice Program, if the value of Eligible Assets falls below \$2,000 after previously meeting the initial investment minimum and starting management, that Account will still be managed and traded, unless and until the value of Eligible Assets falls below \$1,800. Such Accounts continue to be managed, but will not be traded, unless and until the value of Eligible Assets returns to at least \$1,800. Fees will continue to be assessed on such Accounts. If the value of Eligible Assets in an Accounts stays below the \$2,000 minimum

requirement for an extended time period (determined at the sole discretion of CSI), CSI may terminate the Account or convert it to a self-directed brokerage account.

### **The Assets in the Program**

As of December 31, 2019, we managed \$5,552,699,478 between both CSI's Managed Account and Digital Advice Programs. This includes \$5,540,173,685 managed on a non-discretionary basis and \$12,525,793 managed on a discretionary basis.

### **Item 6: Portfolio Manager Selection and Evaluation**

The Manager serves as portfolio manager in the Digital Advice Program. The Manager develops Portfolios based on certain established guidelines provided by CSI and your risk tolerance. The Digital Advice Program is designed to provide a simple, low-cost investment solution to meet your objectives and needs. If Manager does not continue to meet CSI's guidelines, CSI may replace Manager as portfolio manager in the Digital Advice Program.

CSI selected ETFs as the investment product for the Digital Advice Program due to their reduced costs, fee transparency, and diversification. The decision to select the Manager as the portfolio manager offered through the Digital Advice Program is made based on a review of Manager's investment management experience and track-record by the Chief Investment Officer of the Bank, in accordance with the Bank's protocol for assessing investment managers. The criteria considered include the Manager's history, investment and diversification strategies, universe of available securities, investment process & research, attitude regarding cash positions, performance, including expected performance, and internal evaluation thereof, and fee structure. CSI does not calculate performance or rely on any third-party to calculate or audit performance to determine whether it complies with any standard for performance calculation.

The Manager is responsible for implementing the Portfolios available through the Program, subject to any reasonable restrictions imposed by a client. Neither CSI nor any of its related persons currently act as a portfolio manager under the Digital Advice Program, participate in the design of the strategic model portfolios, or act as a manager for any of the ETFs available under the Digital Advice Program. Neither CSI nor any related persons is compensated for, has an interest in, or otherwise receives remuneration based on any Portfolio's target allocation. CSI and its related persons do not manage, control, supervise, or otherwise exert any influence over the managers of the ETFs available through the Digital Advice Program. However, while CSI does not currently offer Portfolios constructed or managed by its affiliates, it may do so in the future, subject to applicable laws and regulations.

### **Analysis**

In the Digital Advice Program, we provide investment advisory services on a discretionary basis through the Manager. The Manager will use its proprietary Algorithm, in which certain parameters may be customized by CSI, for the purpose of determining the Portfolio for a specific client and ongoing management of a client's Account as described in the "Services, Fees and Compensation" section above. The Manager's proprietary Algorithm generates investment recommendations based on the client's answers to the RTQ. The client's risk score is determined using information about the client's age, time horizon, income, liquid assets, estimated percentage of household income

saved, and risk capacity. Once the client accepts the Portfolio, the Manager will then implement, on a discretionary basis, the investment recommendations in the Portfolio for the client's Account, by purchasing Program Funds to fill the asset allocations within the Portfolio.

Clients are provided descriptions of the investment strategies, methods of analysis, sources of information and types of investment products that will be utilized for the client's Account. In addition, CSI makes a guidance application ("Guidance Application") available on the Site to clients, which allows clients to link portfolio data from their existing CSI or third-party investment or brokerage accounts ("Other Accounts"). While the Guidance Application performs an analysis of these Other Accounts, the Other Account data is not used to provide investment recommendations. This Other Account data is analyzed, for informational purposes only, against the recommended Portfolio based on certain criteria, such as volatility, stock/bond split, expense ratio, amount of cash maintained in the account, geographic diversification and single stock exposure. The information captured by the Guidance Application is not used by the Manager or CSI when making investment recommendations for the Account. The Manager and CSI rely only on the client's RTQ when determining which Portfolio to recommend to a client.

### **Investment Strategies**

In the Digital Advice Program, clients will have the ability to approve the recommendation to invest their Account into a Portfolio comprised of ETFs. The available portfolios are developed by us, the Manager or a third party. The Manager will implement, on a discretionary basis, the investment recommendations in a client's Portfolio Account, and make the day-to-day investment decisions regarding the investments comprising the client's Account using its proprietary Algorithm. We, in our discretion, can change the overall menu of ETFs available in the Digital Advice Program.

The Portfolios available in the Digital Advisory Program are constructed by selecting Program Funds from the available asset classes, in accordance with asset class weightings based on the target volatility for each Portfolio. The asset classes currently available in the Digital Advice Program are: US equities, developing markets equities, emerging markets equities, US investment grade bonds, real estate, short term US Treasuries, Treasury Inflation-Protected Securities, municipal debt, and emerging markets bonds. ETFs are generally selected to become Program Funds based on whether they cover the relevant asset classes well and have low total costs. We may, where possible, utilize commission-free ETFs offered by our brokerage partners, further reducing the cost to our clients. Please refer to the SigFig Disclosure Brochure for further information.

### **Risk of Loss**

All investments in securities include a risk of loss of a client's principal (invested amount) and any profits that have not been realized (the securities were not sold to "lock in" the profit). Stock markets, bond markets fluctuate substantially over time. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the managed assets.

Our investment approach takes the potential for loss in mind and seeks to match the investment strategy employed for a client with such client's tolerance for potential fluctuations in markets and

incurring losses. Generally, it is necessary to invest in securities that have a higher risk of loss in order to obtain a higher potential for long-term gains. There is no guarantee that our investment strategies will meet a client's objectives or, in any event, protect the client's assets from the potential for losses. Depending on the types of securities a client invests in, such client faces one or more of the following investment risks:

**Reliance on Technology; Cybersecurity Risk; Back-up Measures:** CSI's investment activities and investment strategies are dependent upon the Algorithms, as well as various other computer and telecommunications technologies, many of which are provided by or are dependent upon third parties such as data feed, data center, telecommunications, or utility providers. The successful deployment, implementation, and/or operation of such activities and strategies, and various other critical activities of CSI on behalf of its clients, could be severely compromised by system or component failure, telecommunications failure, power loss, a software-related "system crash," unauthorized system access or use (such as "hacking"), computer viruses and similar programs, fire or water damage, human errors in using or accessing relevant systems, or various other events or circumstances. It is not possible to provide comprehensive and foolproof protection against all such events, and no assurance can be given about the ability of applicable third parties to continue providing their services. Any event that interrupts such computer and/or telecommunications systems or operations could have a material adverse effect on CSI's clients, including by preventing CSI from trading, modifying, liquidating, and/or monitoring its clients' investments. In addition, clients should be aware of the risk of attempted cyber-attacks, including denial-of-service attacks, and harm to technology infrastructure and data from misappropriation or corruption. Due to CSI's and Manager's interconnectivity with third-party vendors, central agents, exchanges, clearing houses, and other financial institutions, CSI and/or Manager could be adversely impacted if any of them is subject to a cyber-attack or other information security event. Although CSI and Manager take protective measures and endeavors to modify them as circumstances warrant, their computer systems, software, and networks may be vulnerable to unauthorized access, issues, computer viruses or other malicious code, and other events that could have a security impact. CSI maintains back-up electronic books and records at a third party disaster recovery site, which is a fully operational data center facility. In the case of events that interrupt CSI's computer and/or telecommunications systems or operations, CSI hopes to resume trading, modifying, liquidating, and/or monitoring its clients' investments relatively promptly, subject to any circumstances that are outside the control of CSI. In the case of severe business disruptions (e.g., regional power outage or loss of personnel), CSI may not resume such activities for one or more business days because (among other things) such resumption is dependent on other critical business constituents, such as brokers and exchanges, and on the nature of the disruption. Although the foregoing reflects CSI's objectives, designs, and/or plans, no assurance can be given that these objectives, designs, and/or plans will be realized, or that, in particular, CSI would be able to resume operations following a business disruption.

**ETF Risk:** Investments in an ETF are subject to the fees and expenses of the ETF, including, a management fee, other fund expenses and a distribution fee. The Investment Company Act of 1940, as amended, places certain restrictions on the percentage of ownership that a private investment fund may have in a registered investment company. A client's positions in any Program Fund are subject to a number of risks associated with the management and market conditions of the Program Fund. These include (but are not limited to): (i) Delisting—A Program Fund may be delisted and liquidated at the discretion of its issuer. Should a client of CSI hold a position in a Program Fund when it is delisted, such client is subject to costs associated with the Program Fund's liquidation, counterparty risk against the issuer, and additional taxes due to cash

distributions from the liquidation. (ii) Market Maker Instability—The supply and demand of Program Fund shares are kept in balance by its authorized participants. The authorized participants of a Program Fund may, purposefully or by mistake, destabilize the supply-demand balance of a Program Fund, causing tracking error of the Program Fund to its constituent instruments that may negatively affect the value of an entity's position in the Program Fund. (iii) Hidden Illiquidity—The liquidity of a Program Fund is determined not only by the Program Fund's own market liquidity but how easy or difficult it is to transact in the Program Fund's constituent instruments. If one or more of a Program Fund's constituent instruments becomes difficult to buy or sell, the Program Fund may become difficult to transact or experience tracking error that negatively affects the value of positions held in the Program Fund. Trading volume and liquidity may vary and may affect the ability to buy or sell Program Fund shares or cause the market price of Program Fund shares to experience significant premiums or discounts relative to value of the assets underlying the shares. Additional risks include, (i) ETFs may trade at a discount or premium to their underlying net asset value ("NAV"); (ii) ETFs may not fully replicate the construction of their benchmark index, resulting in performance that differs from expectations; and (iii) investors purchasing an ETF at a premium may underperform the ETF NAV, while the redemption of shares may result in the ETF trading at a discount to NAV.

**Limited Nature of the Digital Advice Program Risk:** The Digital Advice Program is designed to provide a simple, low-cost investment solution. The Digital Advice Program does not provide comprehensive financial or tax planning or legal advice, and clients are advised and afforded the opportunity to seek the advice and counsel of their own tax, financial and legal advisers. Neither CSI nor Manager nor any of their affiliates is responsible for establishing or maintaining any client account's compliance with any applicable requirements of the Internal Revenue Code or for determining any client's individual tax treatment regarding such account. Furthermore, neither CSI nor Manager nor any of their affiliates is responsible for withholding any tax penalties that may apply to clients' accounts or for any state or federal income tax withholding, except as may otherwise be required by applicable law. CSI's recommendations are limited based on the information clients provide through the Site and in the RTQ, a portion of which CSI currently relies on in using the Algorithm to recommend a Portfolio for clients, as discussed in the "Client Information Provided to Portfolio Managers" section below. Furthermore, the Digital Advice Program: (i) relies on certain information provided by clients through the RTQ in providing investment advice and does not verify the completeness or accuracy of any such information; (ii) is not a complete investment program; (iii) does not consider outside assets, concentration, debt or other accounts a client may have with CSI or the Manager, any of their affiliates or with any third party; (iv) offers a limited number of asset allocation models, profiles and underlying instruments; and (v) is not suitable for all investors. In addition, the universe of investment products offered through the Portfolios currently is limited to certain ETFs. There could be one or more products available in the investment community that are more appropriate than the investment products made available through the Digital Advice Program. Given the inherent limitations of the Digital Advice Program, clients should carefully consider whether the Digital Advice Program is the right investment solution for their needs.

**Reliance on Data Risk:** CSI's methods and the Algorithms are highly reliant on data from third-party and other external sources. CSI will use its discretion to determine what data to gather with respect to any strategy or method, which may have an impact on trading decisions. In addition, due to the automated nature of such data gathering and the fact that much of this data comes from third-party sources, not all desired and/or relevant data will be available to, or processed by, CSI at all times. There is no guarantee that any specific data or type of data will be utilized in generating or making trading decisions on behalf of the clients, nor is there any guarantee that the data

actually utilized in making investment and trading decisions on behalf of clients will be (i) the most accurate data available or (ii) free of errors.

**Reliance on Algorithms Risk:** In addition to the risks described in “Reliance on Technology; Cybersecurity Risk; Back-up Measures,” “Limited Nature of the Digital Advice Program Risk” and “Reliance on Data Risk” above, the use of algorithms to provide investment advisory services carries the risk that changes to the algorithm’s code may not have the desired effect with respect to client accounts. While this risk increases if changes to the algorithms are insufficiently tested prior to implementation, even extensively tested changes may not produce the desired effect over time.

Furthermore, the Algorithms used in the Digital Advice Program are based on a number of assumptions, as well as on Modern Portfolio Theory (“MPT”), which in turn is based on certain assumptions and has inherent limitations. MPT attempts to maximize a portfolio’s expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by selecting the proportions of various asset classes rather than selecting individual securities. Investing in various asset classes (i.e., diversifying) may reduce the overall risk but this not a guarantee of any particular level of return. Picking a specific mix of asset classes for a particular investor depends on such individual’s risk tolerance and requires a technique known as mean-variance optimization, which is an analysis of the expected performance, variability, and correlation of each asset class based on observations over the last twenty years. While widely used, MPT has certain limitations, including its assumptions that investors are not subject to taxes or transaction costs and do not have influence over the market, neither of which is correct in many cases. Also, while the Algorithms use inputs based on historical observations, past performance does not guarantee future results. Please refer to the SigFig Disclosure Brochure for further information regarding the Algorithms.

**Interest-Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Market Risk:** The price of investments in your Account may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security’s particular underlying circumstances. For example, political, economic and social conditions may trigger market events (see “Acts of God and Geopolitical Risks” below).

**Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

**Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment’s originating country. This is also referred to as exchange rate risk.

**Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.

**Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an

electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Financial Risk:** Excessive borrowing to finance a business's operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Liquidity Risk:** When consistent with a client's investment objectives, guidelines, restrictions and risk tolerances, the Manager may invest portions of client portfolios in illiquid securities, subject to applicable investment standards. Investing in an illiquid (difficult to trade) security may restrict the Manager's ability to dispose of investments in a timely fashion or at an advantageous price, which limits the ability to take full advantage of market opportunities.

**Fixed Income Risks:** Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, and market risk, which could reduce the yield that an investor receives from his or her portfolio. These risks may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets.

**Foreign, Emerging Markets Equity Risk:** Investments in these types of securities have considerable risks: investments in securities of foreign and emerging markets issuers involve different investment risks than those affecting obligations of U.S. issuers. Public information may be limited with respect to foreign and emerging markets issuers; foreign and emerging markets issuers may not be subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies. There may also be less government supervision and regulation of foreign and emerging markets securities exchanges, and are less liquid and more volatile than securities of comparable domestic issuers. Brokerage commissions and other transaction costs on foreign and emerging markets securities exchanges are generally higher than in the U.S. Dividends and interest paid by foreign and emerging markets issuers may be subject to withholding and other foreign taxes, which may decrease the net return on foreign investments as compared to dividends and interest paid by U.S. companies. Such markets often have different clearance and settlement procedures for securities transactions. Additional risks include future political and economic developments, the possibility that a foreign jurisdiction might impose or change withholding taxes on income payable with respect to foreign and emerging markets securities, and the possible adoption of foreign governmental restrictions such as exchange controls. Since the securities purchased in a foreign or emerging markets portfolio can be denominated or quoted in currencies other than the U.S. dollar, changes in foreign currency exchange rates may affect the value of securities in the portfolio.

**Acts of God and Geopolitical Risks:** The performance of your account(s) could be impacted by Acts of God or other unforeseen and/or uncontrollable events (collectively, "disruptions"), including, but not limited to, natural disasters, public health emergencies (including any outbreak or threat of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, ebola, or other existing or new pandemic or epidemic diseases), terrorism, social and political discord, geopolitical events, national and international political circumstances, and other unforeseen and/or uncontrollable events with widespread impact. These disruptions may affect the level and volatility of security prices and liquidity of any investments. There is risk that unexpected volatility or lack of liquidity will impair an investment's profitability or result in it suffering losses. Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or

securities industry participants in other countries or regions. The extent of the impact of any such disruption on us, you, and any underlying portfolio investments' operational and financial performance will depend on many factors, including the duration and scope of such disruption, the extent of any related travel advisories and restrictions implemented, the impact of such disruption on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. A disruption may materially and adversely impact the value and performance of any investment, our ability to source, manage and divest investments, and our ability to achieve your investment objectives, ultimately resulting in significant losses to you. In addition, there is a risk that a disruption will significantly impact, or even temporarily or permanently halt, our operations and/or the operations of any underlying portfolio funds and companies.

**High-Yield Fixed-Income Securities Risk:** Investments in high-yielding, noninvestment grade bonds involve higher risk than investment grade bonds. Adverse conditions may affect the issuer's ability to make timely interest and principal payments on these securities.

**Small/Mid Cap Risk:** Stocks of small or small, emerging companies may have less liquidity than those of larger, established companies and are therefore subject to greater price volatility and risk than the overall stock market.

**Diversification Risk:** Investments that are concentrated in one or few industries or sectors involve more risk than more diversified investments, including the potential for greater volatility.

**Tactical Investment Strategy Risk:** Tactical investment strategies involve more frequent trading than traditional "buy-and-hold" investment strategies. Such trading can increase transactional costs and create more short-term tax gains than the client may see in other strategies.

#### **Voting Client Securities (i.e., Proxy Voting)**

We do not exercise voting authority over the securities held in our clients' investment management accounts. If a client has an Account, the client will be solely responsible for determining whether and how to vote proxies or act on similar actions in connection with the securities held in the Account. The Program Custodian will send proxies or similar action requests directly to the client electronically. Neither CSI nor Manager shall have any responsibility to render legal advice or take any legal action on a client's behalf with respect to securities then or previously held in such client's Accounts, or the issuers thereof, that become the subject of legal proceedings, including bankruptcy proceedings or class actions. CSI will instruct the Program Custodian to forward any information concerning legal proceedings or corporate actions involving securities in the Account to the relevant client, and not to CSI. The Program Custodian, and not CSI, is responsible for timely transmission of any relevant material to each client.

#### **Item 7: Client Information Provided to Portfolio Managers**

CSI recommends a Portfolio based on the information about a client's age, time horizon, income, liquid assets, estimated percentage of household income that such client saves, and risk capacity provided by each client in the RTQ through the Site. Other information collected by CSI through the Site may include, among other things, information about a client's identity, e-mail address, physical address, location, nationality, citizenship, tax residency, financial situation, investment

objectives, or other information that is supplied to CSI through the Site. Currently, clients enter into an advisory relationship with CSI, not with the Manager. CSI shares the information clients provide in their RTQs and subsequently through the Site with the Manager, to enable the Manager to (i) exercise discretion with respect to the day-to-day management of each client's Account; (ii) provide instruction the Program Custodian for execution of transactions in each client's Account; and (iii) perform such other services as CSI, in its sole discretion, may delegate to the Manager. Such client information that CSI shares with the Manager is subject to the confidentiality provisions of the agreement between CSI and the Manager.

### **Item 8: Client Contact with Portfolio Managers**

The Digital Advice Program will be provided primarily through the Site. Clients may contact CSI via e-mail or by telephone. Personnel are available during normal business hours, generally 8am through 6pm EST, to address technical and client service issues. In the event a client has a question about the management of his or her Account that Digital Advice Program personnel are not able to respond to, CSI will contact the Manager to obtain the relevant information or attempt to facilitate a conversation between a representative of the Manager and the client.

### **Item 9: Additional Information**

#### **Disciplinary Actions**

In September 2011, we paid an administrative penalty of \$2,500 to the State of New Jersey related to a failure to notify the insurance department within 30 days of administrative matters in other jurisdictions.

In February 2016, we entered a Consent Order with the Commonwealth of Massachusetts, Securities Division (the Division) to settle a matter brought by one (1) customer. We agreed to censure by The Division and to make reimbursement to the customer.

In December 2016, we entered into a Consent Order with the Florida Department of Financial Services for engaging in the business of insurance without a license after the expiration of the firm's agency license. We paid a \$500.00 fine.

In January 2017, we entered into an AWC with FINRA for failing to timely disclose customer complaints and other reportable events on its associated persons Uniform Applications for Securities Industry Registration or Transfer ("Forms U4") and Uniform Termination Notices for Securities Industry Registration ("Forms U5") for the period January 2010 through June 2016. Additionally, we failed to establish and maintain a supervisory system reasonably designed to ensure the timely reporting of disclosable events as required by NASD Rule 3010 and FINRA Rules 201 and 3110. CSI agreed to the censure and a \$300,000 fine related to this matter.

In March 2017, we entered into a Consent Order with the Rhode Island Division of Insurance for failure to disclose disciplinary matters of affiliates during the renewal application process and within 30 days of such matters being settled. We agreed to a \$5,000 fine.

In March 2017, we entered into an AWC with FINRA relating to allegations that we failed to establish and maintain a supervisory system and procedures reasonable designed to ensure certain retirement plan and charitable organization customers could purchase mutual funds without a front

end sales charge. We agreed to a censure and a fine of \$50,000, and also agreed to provide restitution to the affected customers.

In May 2017, we entered into a Voluntary Settlement Agreement with the North Carolina Department of Insurance for failure to disclose disciplinary matters during the renewal application process for the years 2010, 2011, 2012 and 2013, as well as not disclosing the disciplinary matters within 30 days of such matters being settled. We agreed to \$1,500.00 fine.

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

#### *Investment Adviser Activities*

We are registered as an investment adviser with the SEC in accordance with the Investment Advisers Act of 1940. Our representatives and financial advisors (collectively, “FAs”) who provide investment advice on our behalf in other programs hold all securities registrations and pass the professional examinations required by the states where they do business. Our FAs are required to have a college degree and/or appropriate business experience. We emphasize the importance of continuing education to our FAs.

#### *Insurance and Securities Activities*

In addition to being a registered investment adviser, we are a broker-dealer and an insurance agency.

As a broker-dealer, we are registered with the SEC and in the states where we provide brokerage services. We also are a member of FINRA, the self-regulatory body for broker-dealers. We have a fully disclosed clearing agreement with NFS under which NFS provides clearing, custody and recordkeeping services for our brokerage client accounts. Our executive officers and associated persons who are engaged in broker and dealer activities are separately licensed as our registered principals or representatives and are not employees of, or licensed through, NFS.

As an insurance agency, we also are licensed as an insurance agency in each of the states in which we do business (other than Massachusetts) and offer insurance and insurance-related products and services in those states. Our affiliated company, Citizens Financial Services Insurance Agency, Inc. (“CFSIAI”), a Massachusetts corporation, has an insurance license with the Commonwealth of Massachusetts. CFSIAI offers and sells insurance and insurance-related products and services to our and Bank’s clients in Massachusetts. Our FAs may also be licensed as our insurance agents and/or as insurance agents of CFSIAI and various national insurance companies.

#### *Special Considerations Regarding Our Broker-Dealer Activities.*

Certain CSI FAs, in their separate capacities as broker-dealer representatives, effect securities transactions for clients for separate and typical commission compensation.

In connection with the Digital Advice Program and subject to the Manager’s best execution obligation, we will be the introducing broker-dealer for all brokerage transactions originated by the Manager. We do not receive an additional fee for this service, but NFS, as clearing broker and custodian, is compensated for these services out of the Program Fees paid by each client

As our registered representatives, FAs outside of the Digital Advice Program will receive separate and typical compensation from any brokerage transaction they implement on behalf of our clients. No investment advisory client is obligated to use the FAs for brokerage services.

While the licensed FAs serving the Digital Advice Program do not receive any commissions for any product they sell, certain of our licensed FAs may be eligible for a bonus, and we expect that sales within the Digital Advice Program will be one of multiple factors used in calculating such bonus.

### *Banking Activities*

We are a wholly owned subsidiary of the Bank. We have various arrangements with the Bank and its other affiliates under which they or their employees may refer certain of its clients to us for investment management services. We pay a flat referral fee to certain employees of the Bank who refer prospective clients to the Digital Advice Program, regardless of whether such prospective clients become actual clients of the Digital Advice Program. Also, individuals registered with Citizens Securities, Inc. are employees of Citizens Bank.

The Bank also provides investment management support to us for our use in the management of certain investment accounts, including the Proprietary Bank Deposit Sweep Program (“BDSP”). CSI offers the BDSP to clients as a core account investment vehicle for available cash balances in their Accounts. Available cash in an Account will be deposited or “swept” through the BDSP into interest-bearing FDIC-insured deposit accounts at the Bank (the “Program Bank”), an affiliate of CSI. CSI offers a BDSP to clients as their core account investment vehicle for available cash balances in their SpeciFi Save & Grow Account. Available cash means the uninvested cash in the Account, plus any portion of the Account the client elects to set aside as restricted cash (“Restricted Cash”). By electing to set a Restricted Cash amount, the client instructs CSI or Manager to deposit or “sweep” the Restricted Cash balance into Program Deposit Accounts at the Program Bank as further described in Citizens Investment Services Proprietary Bank Deposit Sweep Program Disclosure Document (“BDSP Disclosures”). The client may make changes to the amount of the Restricted Cash through instruction entered on the Account portal to reallocate funds between the Account’s Eligible Assets and Restricted Cash, or by initiating a deposit or withdrawal of funds to or from the Restricted Cash balance.

The BDSP creates financial benefits for CSI, the Program Bank, and NFS, which also serves as the Program Custodian. CSI will receive a credit from the Program Bank in connection with the BDSP. The amount of the credit received will affect the interest rate paid by the Program Bank on a client’s Account. A portion of these credits may be paid as fees to NFS. CSI reserves the right to modify the credits it receive from the Program Bank. In addition to CSI’s credit, other service providers with respect to the BDSP will receive fees from the Program Bank. The revenue generated by CSI may be greater than revenues generated by sweep options at other brokerage firms, and may be greater than other possible sweep options that CSI has used in the past or may consider using in the future. In addition, CSI will make compensation payments to NFS for record keeping and other services with respect to amounts invested in the BDSP, which will be no more than 70 basis points. NFS may receive more revenue with respect to amounts in the BDSP than with respect to other sweep products. As a result of the fees and benefits described above, the BDSP may be significantly more profitable to CSI than other available sweep options, if any. CSI and/or NFS may also benefit from the possession and temporary investment of cash balances prior to the deposit of such balances in the BDSP. Please refer to the Proprietary Bank Deposit Sweep Program Disclosure Document for further information regarding the BDSP.

### *Affiliate Arrangements*

We purchase certain goods and services or obtain administrative, custody, safekeeping and operational support from our direct parent company, the Bank, or other affiliates of Citizens Financial Group by entering into agreements or arrangements with such affiliate. If deemed appropriate under the circumstances or required under banking laws, we will pay compensation to our affiliates for such goods, services or support. If the Bank provides us with goods and services, banking laws generally require that we provide the Bank compensation that is at least as favorable to the Bank as the compensation we would pay an unaffiliated third party for similar goods and services in an arms-length transaction. As our affiliates will benefit from such compensation, we have an incentive to choose goods and/or services from our affiliated companies over unaffiliated companies.

Citizens Ventures, Incorporated, an affiliate of CSI, indirectly owns a small percentage (less than 1%) of the Manager through Nvest, Inc., the Manager's parent entity. This creates an incentive for CSI to continue to use the Algorithms and use Manager as a portfolio manager and service provider in the Digital Advice Program. CSI mitigates this conflict by evaluating the Manager based solely on its established protocols for assessing investment managers.

### **Code of Ethics**

As required by law, we have adopted a Code of Ethics establishing policies and procedures to handle actual and potential conflicts of interest that may arise from providing advisory services to clients.

Our Code of Ethics recognizes that we are a fiduciary and is designed so that we meet our fiduciary obligation to clients by setting forth standards of conduct for our directors, officers and employees and requiring compliance with federal securities laws.

Our Code of Ethics is based upon the principle that our employees owe a duty to clients to conduct their affairs so as to avoid not only actual conflicts of interest with our clients but also that they refrain from conduct which could give rise to the appearance of a conflict of interest that may compromise the trust our clients have placed in us.

Our Code of Ethics:

- Prohibits our directors, officers and employees from preferring his or her own interest to that of any advisory client;
- Requires that we maintain the confidentiality of client information;
- Prohibits our employees from engaging in initial public offerings and certain types of limited offerings (for example private placement transactions under SEC Regulation D);
- Requires that our officers, directors and employees submit initial and annual personal securities holdings reports and report on a quarterly basis reports of their personal securities transactions (what we call "reportable securities" as mandated by regulation);
- Requires that all of our officers, directors and employees re-certify to our Code of Ethics, identify members of their household and any account to which they have a beneficial ownership (that is, they "own" the account or have "authority" over the account), and identify securities held in certificate form and all securities.

Also, our Code of Ethics also provides that no director, officer or employee may trade securities, either personally or on behalf of others, while in possession of material, nonpublic information with respect to any such securities, or may communicate material, non-public information to others, other than as required and allowed by the Code of Ethics.

Our management may impose a number of sanctions which it feels is most appropriate for violations of the Code of Ethics.

To receive a copy of our Code of Ethics, clients or prospective clients should email us at [Support@SpeciFi.CitizensSecurities.com](mailto:Support@SpeciFi.CitizensSecurities.com) or call us at 1-855-635-6663.

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

We or individuals associated with us may buy or sell securities identical to or different than those recommended to our clients for their personal accounts. In addition, our FAs or other related persons may have an interest or position in certain securities which are also recommended to our clients.

The compensation we receive in connection with a client's participation in the Digital Advice Program will vary based on a number of factors, including, among other things, the size of the Account, changes in value over time, our and the Manager's ability to negotiate fees or commissions, and the number of transactions.

In addition, we, our representatives and our affiliates will receive fees and other compensation in addition to the fees we charge to a client's Account for investment management services. Our investment advisory services fees are not reduced by the amount of the additional fees and other compensation received by us, our representatives or our affiliates. This presents a conflict of interest and gives us or our representatives an incentive to recommend investment products based on the compensation received, rather than on a client's needs. The types of additional compensation we expect to receive are described below.

Certain CSI FAs, in their separate capacities as broker-dealer representatives, may effect securities transactions for clients for separate and typical commission compensation. In connection with the Digital Advice Program and subject to the Manager's best execution obligation, we will be the introducing broker-dealer for all brokerage transactions originated by the Manager. We do not receive an additional fee for this service, but NFS, as clearing broker and custodian, is compensated for these services out of the Program Fees paid by clients.

If a client opens an Account with securities previously purchased through us or one of our representatives, that client will already have paid a brokerage commission on the purchase to us or our representative, or both. Similarly, if a client opens an Account with cash proceeds from the sale of securities through us or our representative, we or our representative, or both, may have already received brokerage commissions of the sale.

We and FAs participate in client transactions in the following situations that are not directly related to the Digital Advice Program:

- As our registered representatives, our FAs will receive separate and typical compensation from any brokerage transaction they implement on behalf of our clients. No investment advisory client is obligated to use the FAs for brokerage services.

- FAs who are licensed as insurance agents may offer fixed annuities and other insurance products and services.
- Our FAs who are licensed as insurance agents also may recommend and sell life, accident, health, and variable annuity and variable life insurance products, including to our brokerage, investment management and/or financial planning clients.
- If clients engage in an insurance transaction, those transactions will not be part of the investment management services we provide to clients and clients would pay compensation that is separate from our investment management, financial planning and consulting services. No client is obligated to use us or our FAs to purchase fixed annuities or other insurance products.

We are a wholly owned, direct subsidiary of the Bank, the lead bank subsidiary of Citizens Financial Group, Inc., a bank holding company. The Bank and its affiliates maintain a variety of banking, financial or service relationships with corporations or other business enterprises the securities of which may be purchased or sold by us for clients' Accounts. The Bank or its affiliates receive compensation from such corporations or other business enterprises in the ordinary course of their business. Because of internal controls maintained by the Bank and us, recommendations by us and our FAs to our investment management clients typically will be made without knowledge of other banking, financial or services relationships between the Bank or its affiliates and the issuers of securities recommended by us.

The Bank may purchase or sell for trust, fiduciary, and investment management clients or recommend that such Accounts purchase or sell securities of the same type as those purchased or sold by us for our clients' Accounts.

### **Personal Trading**

CSI and individuals associated with CSI may buy or sell securities identical to or different than those recommended to customers for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is our policy that no person employed by us may purchase or sell any security prior to a transaction being implemented for an advisory account, and therefore, our employees are prohibited from benefiting from transactions placed on behalf of advisory accounts. In order to address the conflicts of interest that arise from these situations, our Code of Ethics establishes the following restrictions:

- 1) Directors, officers and employees are not permitted to buy or sell securities for their personal account where their decision emanates from his or her employment unless the information is also available to the investing public on reasonable inquiry.
- 2) All advisory clients will be fully informed that certain individuals may receive separate compensation when effecting securities or insurance transactions during the implementation process.
- 3) We emphasize the unrestricted right of any advisory clients to decline to implement any advice rendered.
- 4) We require that all individuals act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

As noted above, our Code of Ethics:

Prohibits our employees from engaging in initial public offerings and certain types of limited offerings (for example private placement transactions under SEC Regulation D); Requires that our officers, directors and employees submit initial and annual personal securities holdings reports and report on a quarterly basis reports of their personal securities transactions (what we call “reportable securities” as mandated by regulation); and Requires that all of our officers, directors and employees recertify to our Code of Ethics, identify members of their household and any account to which they have a beneficial ownership (that is, they “own” the account or have “authority” over the account), and identify securities held in certificate form and all securities.

### **Review of Accounts**

#### *Account Review Procedures*

CSI’s investment advisory personnel will review new Accounts to verify that clients are invested in accordance with the recommended Portfolio and that such recommended Portfolio is consistent with their respective RTQ responses.

We will contact each client at least once per year to offer such clients the opportunity to schedule a consultation with a financial advisor for an annual portfolio review. In addition, we will remind clients that they should retake the RTQ at least annually; such information is used to determine whether the investment approach and asset mix being used is consistent with a client’s investment objectives, risk tolerance, and any other special guidelines that may impact the client’s investment allocations. In the event that a client has no account activity or contact with our financial advisors for a period of time greater than one year, we may close or terminate management of such Account. Occasionally, we perform reviews of investment management accounts in-between scheduled annual reviews when we become aware of material market, economic or political events, or changes in a client’s individual circumstances. We reserve the right, at any time and without notice, to override the Algorithms and delay or manage the trading of client orders if we determine it is appropriate and consistent with our obligations under the clients’ Account investment management agreements. For example, we may decide to delay or manage trading or take other temporary defensive measures in stressed market conditions.

Account reviews are conducted frequently by Manager, using the Manager’s Algorithm and within the parameters set by us. Our investment advisory personnel review Manager’s performance of Account reviews on a regular basis.

As part of our annual account review process, we contact our investment management clients to obtain updated information from the client and to discuss any changes in investment approach deemed appropriate, including in light of any changes in the client’s circumstances, as well as with respect to reasonable restrictions imposed on the management of the client’s Account. While we annually remind clients to update their RTQs, it is the responsibility of each client to notify us promptly of any change in the information included in his or her RTQ or otherwise in his or her financial circumstances that might affect the manner in which the assets in such client’s Account should be managed.

Clients are strongly encouraged to conduct their own analysis of, and investigation into, the methodologies employed by the Manager and CSI. The fact that a recommendation is generated by CSI cannot be interpreted as a guarantee of future performance. Investing in securities is not guaranteed, may involve loss of principal.

#### *Performance Reports*

NFS, as clearing broker and Program Custodian, will provide, generally by electronic means, regular monthly statements to clients showing clients' securities positions and account activity. Clients should promptly and carefully review the statements they receive from NFS and notify us promptly in writing of any errors or discrepancies. Clients will not receive a statement from the Program Custodian during any month in which there is no account activity, but clients will receive a statement at least quarterly in all events. A client will receive trade confirmations for each transaction unless such client notifies us that he or she wishes to receive quarterly trade confirmations.

At least quarterly, each client will be reminded to contact us if there have been any changes in his or her financial situation or investment objectives, if the client wishes to impose reasonable restrictions on the management of his or her Account, or if the client wishes to reasonably modify existing restrictions.

#### **Client Referrals and Other Compensation**

From time to time we compensate, either directly or indirectly, any person or company for referring investment management clients to us. In addition, under certain circumstances, employees of our affiliates will have the opportunity to refer clients to the Digital Advice Program. Such referrals will result in the receipt of a referral fee. We will comply with all applicable requirements of SEC Rule 206(4)-3 under the Investment Advisers Act of 1940 in connection with any referral arrangements subject to SEC Rule 206(4)-3, including appropriate disclosure of referral arrangements to our clients and maintenance of referral agreements.

#### **Financial Information**

We do not serve as a custodian of client funds or securities, and do not require prepayment of fees of more than \$1,200 per client, and six months or more in advance. Accordingly, a balance sheet is not required to be provided with this Wrap Fee Program Brochure.

We do not have any financial impairment that will preclude us from meeting our contractual commitments to clients.

We have not been the subject of any bankruptcy petition at any time, including any time during the past ten years.