

# Client Disclosure Brochure

Form ADV Part 2A  
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This Brochure provides information about the qualifications and business practices of Axos Invest, Inc. ("Axos Invest," "We," "Our," or "the Firm"). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. If you have any questions about this Brochure's contents, please contact Axos Invest at the address listed above.

Axos Invest is a registered investment adviser with the SEC. Registration of an investment adviser does not imply any specific level of skill or training.

Additional information about the Firm is also available on the SEC's website

## Material Changes From Our Last Update

The Axos Invest Client Disclosure Brochure, dated March 27, 2025, has been prepared according to the SEC's requirements and rules effective July 28, 2010.

The Other Financial Industry Activities and Affiliations section has been updated to reflect a new agreement with Envestnet Asset Management, Inc. ("Envestnet").

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# Advisory Business

## Description of the Advisory Firm

Axos Invest has been providing Investment advisory services to clients since 2009, under the name WiseBanyan, Inc. In February 2019, Axos Financial, Inc. acquired ownership of WiseBanyan, Inc., and renamed the Firm in July 2019.

Axos Invest is a corporation organized in the state of Delaware, registered with the SEC as an investment adviser wholly owned by Axos Securities, LLC, which also serves as the Firm's parent company. Axos Securities, LLC is ultimately owned by Axos Financial, Inc.

Axos Financial, Inc., our ultimate parent company, is a publicly-traded company (NYSE: AX).

The terms "Client," "Clients," "you," and "your" are used throughout this document to refer to person(s) who contract with us for the services described within this Disclosure Brochure. "Axos Invest," "our," "we," and "us" refer to Axos Invest, Inc.

## Types of Advisory Services

### Automated Advisory Services

Axos Invest provides automated advisory services via its website and mobile applications. Clients will complete an online questionnaire via the Firm's website or mobile application. The questionnaire allows the Firm's automated advisory service to obtain information directly from the Client, such as their current financial situation, investment profile, investment goals, and investment objective. The advisory service will generate a recommendation featuring a portfolio allocation, designed to assist a Client in meeting the Client's individual investment goal based upon this information from the client. The Client may choose the recommendation from the advisory software or create a different investment allocation. In either circumstance, upon account opening, the Firm will use its automated advisory service to manage the selected portfolio allocation and monitor the account to help achieve the client's specific investment goal.

Axos Invest recommended portfolios are comprised of a mix of exchange-traded funds ("ETFs") across various asset classes and may include other securities. Axos Invest specializes in automated investment advisory services and recommends investment strategies tailored for Clients' financial objectives and time horizons. Clients utilizing the Firm's automated investment advisory service should understand that investment portfolios are allocated to a limited number of ETFs. Axos Invest recommends portfolios comprised of ETFs in several asset classes in our base portfolios. These asset classes include, but are not limited to:

- US Equities
- International Developed Equities
- International Emerging Equities
- US Treasuries
- US Inflation Protected Treasuries
- US Investment Grade Corporate Bonds
- Short Term Corporate Bonds
- Real Estate Trusts
- Short Term High Yield Corporate Bonds
- US Short Term Treasuries

After initial account opening, Clients may update their portfolio allocation at any time. Periodically, the Firm's automated advisory service rebalances each Client's portfolio to realign the portfolio to the desired weighting across investments. Clients who wish to use the automated service for their investment must deposit a minimum of five hundred dollars (\$500).

In addition to the asset classes listed above, Clients can access additional asset classes through ETFs or equities. The functionality of Axos Invest's portfolios provides access to additional account types, tax-loss harvesting services, and increased Client-directed customization levels. Portfolio features include:

**Tax Loss Harvesting.** Tax Loss Harvesting is a technique designed to help lower a Client's taxes while maintaining their portfolio's expected risk and return profile. It harvests previously unrecognized investment losses to offset taxes due on your other gains and income by selling a security at a loss to accelerate the realization of capital loss and investing the proceeds in a security with closely correlated risk and return characteristics. The realized loss can be applied to lower your tax liability, and the tax savings can be reinvested to grow the value of your portfolio.

**Portfolio Plus.** If selected by the Client, this feature allows a Client to create custom portfolios from pre-selected ETFs and then use those portfolios for milestones and goals on the Axos Invest platform.

**Fast Money.** Includes the ability to transfer money more quickly from a Client's checking account to a brokerage account and the ability to schedule recurring deposits for specific days. (Over-draft protection on the funding bank account closed on September 30, 2019).

Clients may opt in to these services and may also terminate their use.

#### Client Tailored Services and Client Imposed Restrictions

As described above, the Firm's advisory services are tailored for each Client based on the Client's interaction with the Axos Invest website and mobile applications. The Firm provides recommendations based on the Client's stated financial situation and investment objectives. Clients can impose restrictions on certain ETFs for their portfolios through the Selective Trading Feature. The Firm requires Clients to electronically sign an advisory agreement to receive investment advisory services (the "Advisory Agreement"). Clients receive the Firm's Form ADV, including the Brochure, Brochure Supplements, Client Relationship Summary ("Form CRS"), and privacy policy through the website, mobile application, and other electronic communication.

#### Wrap Fee Program

The Firm does not participate in wrap fee programs.

#### Assets under Management

As of December 31, 2024, the Firm has \$146,996,118 in regulatory assets under management on a discretionary basis. The Firm does not manage assets on a non-discretionary basis.

## Fees and Compensation

### Fee Schedule

#### Automated Investment Advisory Services

Axos Invest charges managed individual investment accounts an annual fee of 0.24% of Client assets ("Annual Fee"). The Annual Fee is charged as compensation for Axos Invest's automated investment advisory service, as described in Item 4 – Advisory Business, and is assessed monthly in arrears ("Billing Cycle"). Axos Invest's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses incurred through the investment of Client assets by the Firm. Axos Invest, in its sole discretion, may provide discounts to existing account holders.

After account opening, if a Client's account falls below the minimum account value of \$1,000 for a period of one Billing Cycle, the account will be closed within 30 days, unless the account minimum has been reestablished by deposit or market appreciation. No billing will be charged for accounts below the minimum required.

*Although Axos Invest believes its fees are competitive, lower fees for comparable services may be available from other investment advisers.*

#### Payment of Fees

The Annual Fee and third-party fees (discussed below) are deducted from Client assets. The Annual Fee for each Billing Cycle is determined using the account value on the last day of the billing month. Suppose a Client withdraws assets during the billing cycle. In that case, Annual Fees and other applicable fees are pro-rated based upon the account value on the date the withdrawal

request is received and the number of days the account was managed during the billing cycle.

### Third-Party Fees

Clients may incur certain charges imposed by custodians, brokers, and other third parties, such as custodial fees, termination fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Axos Invest may also, in its sole discretion, reimburse or cover fees charged by custodians, brokers, and other third parties. Such fees are fully disclosed on the Firm's website.

Clients should be aware that ETFs recommended or purchased by the Firm on behalf of Client accounts may charge Clients fees separate and distinct from the third-party fees described above. ETFs charge management fees, which are disclosed in the ETFs' prospectuses and included in the share price of the ETFs. Such charges, fees, and commissions are exclusive of and in addition to any of the Firm's fees. As a result, Clients are subject to two layers of fees. Axos Invest does not receive any portion of the commissions, fees, or costs charged by or originating from the ETF sponsors.

The Section Titled Brokerage Practices further describes the factors that Axos Invest considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation (e.g., commissions).

### Prepayment of Fees

The Firm does not require the prepayment of fees.

### Compensation for the Sale of Securities

Neither the Firm nor its supervised persons accept compensation for the sale of securities or other investment products.

## Performance-Based Fees and Side-By-Side Management

Axos Invest does not charge fees based on a share of capital gains or capital appreciation of the funds or any portion of the funds of an advisory client, i.e., it does not charge performance-based fees.

## Types of Clients

Axos Invest offers automated investment advisory services to individuals. While there are ranges of individuals who take advantage of this service, the appeal is greatest for those just getting started investing and those seeking to automate or simplify their investments. There is a minimum account size of one thousand dollars (\$1,000) to open an account using the automated investment advisory service.

## Methods of Analysis, Investment Strategies and Risk of Loss

### Methods of Analysis

The Firm conducts investment research using publicly available information. The Firm uses proprietary algorithms to analyze Clients' risk profiles to construct, revise and recommend portfolios with target asset allocations comprised of equity and fixed-income ETFs.

### Investment Strategies

The Firm's investment strategy focuses on building diversified model portfolios while seeking to minimize fees and tax consequences. This is achieved by focusing on diversification – building portfolios with different asset classes and securities to reduce risk, asset allocation, and rebalancing strategies.

The Firm constructs portfolios by identifying certain asset classes and their historical average performance. The assets' historical performance determines the weighting given in a portfolio, depending on the risk score identified by reviewing the Client's questionnaire. The Firm also incorporates a constant-weighting approach into its asset allocation strategy. Through this method

of continually rebalancing customer portfolios, the Firm believes that these adjustments attempt to guide a customer's portfolio allocation through changes in a customer's lifestyle or actual changes in capital/financial markets. The Firm does not trade options for Clients using automated investment advisory services.

## Risks of Investments and Strategies Utilized

Any recommendations generated by the automated advisory service are highly dependent on receiving valid, accurate, and current information from each Client. As a result, Clients should make every effort to notify Axos Invest of any changes to their financial situation, financial goals, or if they wish to impose restrictions on their portfolio. Axos Invest will remind Clients on at least a quarterly basis to notify us of any changes.

Investing in securities involves the risk of loss that Clients should be prepared to bear. All securities investments can potentially result in a total loss of the investment. Material risks associated with services offered by the Firm include but are not limited to:

**Risk of Loss.** Investing in securities involves a risk of loss you should be prepared to bear. We do not represent or guarantee that our services or analysis methods can predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that will meet your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

**ETF Risks:** An ETF is a type of investment company whose investment objective is to achieve the same or similar return as a particular market index. An ETF is similar to an index mutual fund in that it will primarily invest in the securities of companies included in a selected market index. An ETF will invest in either all the securities or a representative sample of securities included in the index. ETFs may be bought or sold throughout the day in the secondary market but are generally not redeemable by retail investors for the underlying basket of securities they track. The portfolios are generally positively correlated with the world stock and fixed income indices. An overall downturn in the world stock and fixed income markets will generally result in losses in Axos Invest's managed portfolios.

ETFs are subject to several risks in addition to market risk (as stated above). For example, ETFs' have transactions costs that may vary from ETF to ETF. ETFs may also be subject to other risks, such as a removal of an index, political risks, exposure to a complex strategy or sector, and taxation of the ETF. Before investing, it is important that you understand the factors that create these risks. How does the ETF achieve its stated objectives, and what are the risks? Understand the techniques the ETF uses to achieve its goals.

What happens if I hold longer than one trading day? While trading and hedging strategies may justify holding these investments longer than a day, buy-and-hold investors with an intermediate or long-term horizon should consider whether these ETFs are appropriate for their portfolios. In other words, because ETFs reset each day, their performance may diverge from the performance of the underlying index or benchmark. You could suffer significant losses even if the long-term performance of the index showed a gain.

For more information regarding the structure, fees, and risks associated with investing in ETFs, please see the SEC's Investor Bulletin on ETFs:

<https://www.sec.gov/servlet/sec/investor/alerts/etfs.pdf>

**Reliance on Algorithms:** The Firm uses proprietary algorithms designed by its professionals to analyze Clients' risk profiles to construct, revise and recommend portfolios with target asset allocations. The models are complex computer programs incorporating various signals and factors to construct, revise, and recommend portfolios to pursue the Client's investment objectives. The Firm cannot guarantee that the algorithms used will indeed function as intended or that they will produce profits on investments as implemented. The quantitative strategies utilized by the Firm have inherent limitations, including the possibility of human error in the design, data input or implementation process; imperfections of a model that may fail to keep up with changes in the markets and the unpredictable behavior of market participants over time. The risk of errors, malfunctions, and anomalies is inherent in each component of the programming process, how those components function together, and how the program absorbs data points provided by the Client and interpreted by the Firm. In addition, any portfolio manager judgment made providing investment advice is based on human skills and abilities similar to non-quantitative investing, with all the risks,



potential errors, or miscalculations that any asset or portfolio manager faces.

**Automated Investment Recommendations:** The Firm relies on static questionnaires consisting of a limited number of questions and data points provided by the Client that serves as a basis for its investment recommendations. The answers provided by a Client may be the sole basis for the recommendations generated by the automated advisory service. Clients should be aware that the automated advisory service does not have access to obtain information about accounts not held with Axos Invest or other information to generate an overall financial plan. The recommendation provided is limited to the Client's financial profile and the specific investment goals desired by the Client, as presented to Axos Invest. It may not address all possible goals a Client may have.

**Tax Lot Harvesting:** Tax lot harvesting from Axos Invest is not intended as tax advice. Axos Invest does not represent that the tax consequences described will be obtained or Axos Invest's investment strategy will result in any particular tax consequence. Clients should confer with their tax advisor regarding the tax consequences of investing with Axos Invest and engaging in the tax-loss harvesting strategy based on their circumstances. Clients and their tax advisors are responsible for how the transactions in the Client's account are reported to the Internal Revenue Service ("IRS") or any other taxing authority. Axos Invest may provide Clients with an alternative tax document to assist with their reporting. Axos Invest assumes no responsibility to you for the tax consequences of any transaction, including any capital gains and wash sales that may result from the tax-loss harvesting strategy.

The preceding risks do not purport to explain all the risks involved in investing with the Firm. Clients should read the entire Brochure, the Advisory Agreement, and other materials that may be provided by the Firm and consult with their advisers before engaging the Firm's services.

## Disciplinary Information

The Firm and its management persons have not been a party to any legal or disciplinary events that would be material to a Client's or prospective Client's evaluation of the Firm's investment advisory business or the integrity of its management. Axos Invest, Inc.'s affiliated broker-dealer, Axos Invest LLC, received a disciplinary action issued by FINRA on May 19, 2023.

## Other Financial Industry Activities and Affiliations

### Broker-Dealers

#### Axos Invest LLC

Some of the Firm's management persons are registered representatives of our affiliated broker-dealer, Axos Invest LLC. There are no relationships or arrangements between the Firm and any other persons or entities that create a material conflict of interest with the Firm's Clients.

Axos Invest LLC is wholly owned by Axos Securities, LLC, serving as the Firm's parent company. Axos Securities, LLC is ultimately owned by Axos Financial, Inc. Axos Invest LLC acts as the introducing broker-dealer for Client accounts. However, neither the Firm nor Axos Invest LLC charges the Firm's Clients any fees related to Axos Invest LLC's role as introducing broker-dealer. Accordingly, potential material conflicts of interest are minimized with this arrangement.

### Clearing Firms

#### Axos Clearing LLC

Some of the Firm's management persons are registered representatives of Axos Clearing LLC. ("Axos Clearing"). Axos Clearing is wholly owned by Axos Securities, LLC, serving as the Firm's parent company. Axos Securities, LLC is ultimately owned by

Axos Financial, Inc. Axos Clearing is a registered broker-dealer that provides clearing, settlement, custody, securities and margin lending, and technology solutions to introducing broker-dealers. Axos Clearing is a member of the Financial Regulatory Authority ("FINRA"), the New York Stock Exchange ("NYSE"), and the Securities Investor Protection Corporation ("SIPC").

## Banking Institutions

Axos Invest's ultimate parent company, Axos Financial, Inc., a publicly-traded company (NYSE: AX), is a savings and loan holding company for Axos Bank, N.A ("Axos Bank"). Axos Bank is a nationwide bank that provides financing for single and multifamily residential properties, small-to-medium size businesses in target sectors, automobiles, and selected specialty finance receivables.

The Firm has internal policies and procedures to address actual and potential conflicts of interest from the preceding relationships and affiliations. Any conflicts of Axos Invest's compensation based upon these relationships are disclosed in the Client Referrals and Other Compensation section.

## Third Party Affiliates

Axos Invest, Inc. has an agreement with Envestnet, a third party that makes available a platform through which investment advisors can access advisory products and services, including third party money managers, for use with their clients (the "Envestnet Services"). Through this agreement, Axos Invest, Inc. makes available the Envestnet Services to other, unaffiliated registered investment advisor firms, including those that receive clearing and custody services from Axos Clearing LLC. Axos Clearing LLC is an affiliate of Axos Invest, Inc. and also serves as the custodian for Axos Invest, Inc.'s managed accounts. This arrangement enables these other registered investment advisor firms to access the Envestnet Services to then offer a broader selection of investment options and portfolio management solutions to their own clients.

Axos Invest, Inc. does not receive any direct compensation from Envestnet as a result of this arrangement. Clients utilizing the Envestnet Services through other registered investment advisor firms should note that while this arrangement allows for streamlined access to the Envestnet Services, it does not alter the advisory services they may receive from Axos Invest, Inc.

This affiliation may create potential conflicts of interest. Axos Invest, Inc. mitigates these potential conflicts by ensuring that the third party registered investment advisors using the Envestnet Services affirm that they will use the Envestnet Services based on their client's best interests and what is suitable for their clients, independent of any relationship with Axos Invest, Inc. Clients are encouraged to ask questions and consider how this arrangement might impact the advisory services and products offered to them through Axos Invest, Inc.

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

## Code of Ethics

Axos Invest has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to standards of business conduct personal securities transactions, and the prohibition against insider trading. All supervised persons at Axos Invest must acknowledge the terms of the Code of Ethics annually or as amended.

Axos Invest anticipates that, in appropriate circumstances, consistent with Clients' investment objectives, it will cause accounts over which the Firm has discretionary authority to affect the purchase or sale of securities in which Axos Invest, its management persons and/or Clients, directly or indirectly, have a position of interest. The Firm's employees and persons associated with Axos Invest must follow Axos Invest's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors, and employees of the Firm and its employees may trade for their accounts in securities, which are recommended to and/or purchased for the Firm's Clients. The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of the employees of Axos Invest will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Axos Invest's Clients. Employee trading is continually monitored under the Code of Ethics to

reasonably prevent conflicts of interest between Axos Invest and its Clients.

Axos Invest's Clients or prospective clients may request a copy of the firm's Code of Ethics in writing by contacting the Firm at [support@Axos Invest.com](mailto:support@Axos Invest.com).

### **Recommendations Involving Material Financial Interests**

Neither the Firm nor its related persons recommends to Clients or buys or sells for Client accounts, securities in which the Firm or a related person has a material financial interest.

### **Investing Personal Money in the Same Securities as Clients**

Certain affiliated accounts may trade in the same securities with Client accounts on an aggregated basis when consistent with Axos Invest's best execution obligation. In such circumstances, the affiliated and Client accounts will share commission costs equally and receive securities at the same average price. Axos Invest will retain records of Client orders (specifying each participating account) and their allocations. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro-rata basis. The Firm's employees are permitted to open Axos Invest managed accounts; these employee accounts are treated equally to all other Client accounts.

The Firm's policy is that the Firm will not affect any principal transactions for Client accounts. Axos Invest will also not cross trades between Client accounts.

# Brokerage Practices

## Automated Investment Advisory Services

Axos Invest has an agreement with Axos Invest LLC to perform transactions through Axos Invest LLC. Axos Invest LLC has a clearing agreement with Axos Clearing. Axos Clearing serves as the qualified custodian for all Axos Invest Clients. Axos Clearing is a member of FINRA, NYSE, and SIPC.

All Clients that have selected the Firm's web-based automated investment advisory service via the Firm's website will have brokerage accounts opened with Axos Invest LLC acting as the introducing broker and Axos Clearing providing custodial services.

Axos Invest has evaluated Axos Clearing and believes it provides Clients with a blend of execution services and commission costs that fulfills the Firm's best execution requirement for Client transactions. While Axos Invest believes that Axos Clearing can obtain the best execution and competitive prices, the Firm does not route orders to clearing firms other than Axos Clearing. Periodically Axos Invest evaluates executions by Axos Clearing to ensure that best execution has been achieved. Best execution may be available using other broker-dealers. The Firm reserves the right to decline acceptance of any Client account that directs the use of a broker-dealer other than Axos Clearing for automated investment advisory services. The best execution or a better price may be available through broker-dealers other than Axos Clearing. Axos Invest may use block trades when advantageous to Clients. Block trades permit the trading of aggregate blocks of securities composed of assets from multiple Client accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading allows Axos Invest to execute trades in a timelier, equitable manner and reduce overall commission charges to Clients.

Axos Invest does not have any arrangements to compensate any broker-dealer for client referrals.

## Margin

Depending on the services that automated investment advisory Clients elect, Axos Invest may open margin accounts on behalf of Clients or convert an existing account to a margin account. The Firm does not use leverage in margin accounts; instead, margin accounts are used to have immediate availability of cash upon the sale of securities. Neither Axos Invest nor its affiliated broker-dealer, Axos Invest LLC, offer the margin feature directly. Instead, the margin is provided by Axos Clearing. Axos Clearing provides all disclosures, and Clients should read disclosures carefully and contact the Firm at (888) 585-4965 or in writing to [support@AxosInvest.com](mailto:support@AxosInvest.com) if they have any questions.

## Research and Other Soft Dollar Benefits

The Firm does not receive research or other products or services from a broker-dealer or third party in connection with Client securities transactions ("soft dollar benefits").

## Brokerage for Client Referrals

The Firm does not consider client referrals from a broker-dealer in selecting or recommending broker-dealers. The Firm does not receive client referrals from a broker-dealer.

## Directed Brokerage

The Firm does not accept directed brokerage arrangements. Securities transactions are executed by brokers selected by the Firm at its discretion.

# Review of Accounts

## Automated Investment Advisory Services

Axos Invest's automated investment advisory services use proprietary software to review the portfolios on a daily basis to ensure that Client portfolio allocation is in line with the allocation the Client selected. Additional reviews may be triggered by material changes in variables such as a Client's circumstances or the market, political or economic environment. Clients using the automated investment advisory service continuously access account details continuously through the Firm's website and mobile application, including current account balances and positions. All information relating to Client accounts is provided on the Firm's website and/or sent via email, as agreed to with each Client at their account opening. Axos Clearing prepares account statements

showing all transactions and account balances at least quarterly for Clients using the automated investment advisory service.

Every quarter, Axos Invest notifies each Client to ascertain whether there have been any changes in their financial circumstances, investment objectives or whether a Client would like to place, remove, or modify any reasonable restrictions on the account.

On an annual basis, Axos Invest contacts each Client and notifies them electronically to confirm if their financial information is still accurate, if they wish to place, remove, or modify any reasonable restrictions on the account and inquire if any changes have occurred in their financial circumstances. When requested, Axos Invest reminds Clients that they can update their financial goals through the Client Portal. If a Client updates their financial goals, Axos Invest will review the newly received information and automatically update the Client's allocation accordingly.

## Client Referrals and Other Compensation

### Client Referral Programs

There is no active client referral program at Axos Invest, Inc. If a program is introduced, Axos Invest, Inc. will update this brochure accordingly. Throughout the course of normal business, Axos Invest may employ promotional campaigns that seek to attract new and continued business. These programs may include compensating affiliates, strategic partners, or third-party solicitors for referring Axos Invest Inc. Compensation may include flat fee arrangements or payments based on specific and defined performance triggers, such as account application start, approved-account opening, account activity, and account funding. Clients aren't charged any fees, nor do they incur any additional costs for Axos Invest compensating affiliates, strategic partners or third-party solicitors. Prospective clients will be informed of the compensation being received prior to becoming a client.

### Payments for Services Between Affiliates

Axos Invest and our Affiliates make certain intercompany payments to compensate each other for performing various administrative and research services, including (but not limited to) consulting services, marketing services, sponsorship fees, support services, and transfer credits for trade execution services. Intercompany payments received or paid by us or our affiliates, may be terminated, modified, or suspended.

### Compensation Associated with the Affiliates Insured Bank Deposit Program.

In the Insured Bank Deposit Program, banks pay interest in the program to Axos Clearing, an affiliate of Axos Invest. Axos Clearing will pay Axos Invest LLC, Axos Invest's broker-dealer, a portion of the interest received as a fee based on a percentage of the average daily deposit balance in your account at the specific bank. The fee Axos Clearing pays to Axos Invest LLC may be an annual rate based upon a percentage of the Federal Funds Rate and applied to all balances in deposit accounts taken in aggregate. The fees received by Axos Invest LLC vary by Client balances in specific percentage rate tiers. This fee creates a conflict of interest by incentivizing Axos Invest to attempt to make transactions to Client accounts to create large cash balances in their insured bank deposit account to receive a higher percentage rate to compensate its affiliated broker-dealer. To mitigate this conflict of interest, any portion of a Client's total account balance to be allocated to cash is directed by the Client and not Axos Invest. Additionally, the balance in your insured bank deposit account is not included in the Annual Fee calculation.

## Compensation Associated with the Affiliates' Margin Program

Margin involves borrowing money from our Firm to leverage excess SMA or buy securities and other investments. If you use margin (subject to Firm approval based on your stated investment objectives) to withdraw excess SMA and/or purchase securities and other investments in your margin account, you will pay interest on the debit balances in your account. The rate varies depending on the size of the average debit balance and whether your account is designated Axos Elite or not. In addition, if your account is approved for margin, we may create margin debt in your account as needed to pay monies owed by you, including the fee, and you will be responsible for the interest on any such margin debt.

Our Firm and/or Axos Clearing has a financial incentive to recommend its use. Margin interest generates additional revenue for us and our affiliates. When margin is used to buy securities and other investments, the costs you incur and the compensation received by our Firm and/or our affiliates generally increase as the size of the outstanding margin balance increases. Further, you pay more in advisory fees as the gross value of the account increases. To mitigate this conflict, Axos Invest only uses margin borrowing in your account to allow for its trading algorithm to facilitate and complete its trading cycles. If applicable, the debit balance in your investment management account is not included in the Annual Fee calculation.

## Networking Arrangements

Axos Invest has entered into networking arrangements with its banking and clearing affiliates. In these arrangements, the financial institution enters into an agreement with us for joint marketing, solicitation, Client referrals, use of the Axos Bank or Axos Clearing's premises and facilities, and other administrative and back-office support. The Annual Fee charged to a Client is not affected by any of these networking agreements.

If a Client opens an advisory account with us subject to one of these networking arrangements, the Axos Bank or Axos Clearing generally will not receive compensation from Axos Invest and only receives compensation for the banking product purchased by the consumer.

## Custody

Axos Invest does not directly maintain custody of Client assets. Client assets are held at Axos Clearing, a qualified custodian. Axos Invest is deemed to have custody of your assets under Rule 206(4)-2 of the Investment Adviser's Act of 1940. As a result, Axos Invest and Axos Clearing ensure that Clients receive monthly custodial statements from Axos Clearing. Except for official custodian prepared statements, facts and figures provided on the "Axos Invest Dashboard" are not official statements and are only provided for informational purposes. Clients are urged to compare the official custody statements provided by Axos Clearing to data found on the "Axos Invest Dashboard," and if any discrepancies are detected, to contact Axos Invest promptly at [support@axosinvest.com](mailto:support@axosinvest.com).

## Investment Discretion

Axos Invest receives discretionary authority from the Client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. As such, prior to Axos Invest accepting discretionary authority over a Client's account, each Client must agree to the Investment Advisory Agreement, which includes a limited power of attorney granted to the Firm by the Client. In all cases, however, Axos Invest's discretion will be exercised consistent with the portfolio recommended to and accepted by the Client or with the portfolio selected by the Client.

## Voting Client Securities

As a matter of Firm policy and practice, the Firm does not have any authority to and does not vote proxies on behalf of Clients. Clients are responsible for receiving and voting proxies for all securities maintained in Client portfolios. Clients will receive shareholder notices directly from the designated custodian. The Firm may provide advice to Clients regarding the Clients' voting of proxies.

Axos Invest will neither advise nor act on behalf of the Client in legal proceedings involving companies whose securities are held or previously were held in the Client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. Clients may direct the Firm to transmit copies of class action notices to the Client or a third party. Upon such direction, the Firm will promptly make commercially reasonable efforts to forward such notices .

## Financial Information

### Balance Sheet

As Axos Clearing is an affiliate, Axos Invest is considered a qualified custodian as defined in Rule 206(4)-2 of the Adviser's Act. However, as the Firm does not require nor solicit prepayment of more than \$1,200 fees in advance per Client, Axos Invest is not necessary to include a balance sheet with this Brochure.

### Financial Condition

At this time, neither the Firm nor its management persons have any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to Clients.

### Bankruptcy Petitions in Previous Years

The Firm has not been the subject of a bankruptcy petition in the last ten years.