Ally Invest Advisors Inc.

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www.ally.com/invest/robo-automated-investing/

Form ADV Part 2A

Wrap Fee Program Brochure
September 15, 2021

This wrap fee investment program brochure provides information about the qualifications and business practices of Ally Invest Advisors Inc. ("AIA"). If you have any questions about the contents of this brochure, please contact our Compliance Department at (855) 880-2559.

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. Additional information about AIA is available on the SEC's website at https://www.adviserinfo.sec.gov/.

AIA is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended. However, such registration does not imply a certain level of skill or training, nor does it constitute an endorsement by the SEC.

Throughout this document, AIA is also referred to as the "Firm," "we," or "us." The terms "Client" or "you" refers to a person with whom AIA has established an advisory relationship.

Item 2 - Material Changes

This section highlights the revisions made since the last annual amendment dated March 30, 2020:

Item 4 – Services, Fees and Compensation

We enhanced the content under the heading Interest on Cash Balances to provide additional detail on the variable interest rate paid on cash balances.

We rebranded the former "Managed Portfolios" as "Robo Portfolios."

Item 6 – Portfolio Manager Selection and Evaluation

Under Risk Considerations , we added disclosure on Socially Responsible Investing Risk to describe the potential risks of investing in our Socially Responsible portfolios.

As with all AIA documents, Clients and prospective Clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

For future filings this section of the brochure may address only those material changes that have occurred since AIA's last annual update. AIA may at any time update this document and either send a copy of its updated brochure or provide a summary of material changes to its brochure as well as an offer to send an electronic or hard copy form of the updated brochure. Clients are also able to download this brochure from the SEC's Website: www.adviserinfo.sec.gov or may contact AIA by phone at (855) 880-2559 or by email **support@invest.ally.com** to request a copy.

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Wrap Fee Brochure

Item 4 - Services, Fees and Compensation

Description of Our Firm

Based in Charlotte, North Carolina, AIA is a Delaware corporation. AIA is wholly owned by Ally Invest Group Inc. ("Ally Invest Group"), which is wholly owned by Ally Financial Inc. Ally Financial (NYSE: ALLY) is a leading digital financial services company with a legacy that dates back to 1919. AIA does not have any subsidiaries or controlling interests in another reportable business entity.

As of March 15, 2021, the Firm had approximately $709,800,000 of reportable Client assets under management through discretionary account agreements.

Description of Services Offered

AIA's primary focus is to provide discretionary advisory services to Clients. Prospective Clients wishing to engage AIA's advisory service must first enter into a written agreement with AIA.

Our advisory services are offered as a wrap fee program. It provides our Clients the opportunity to obtain professional portfolio management for an inclusive fee that is based upon the Client's assets under our management. This means Clients are free to add or withdraw money from their accounts whenever they choose, with no additional fees.

Robo Portfolios (formerly known as Managed Portfolios) are provided online. We do this exclusively through web-based solutions and informational resources and virtual interaction. The Robo Portfolios advisory service delivers discretionary portfolio management services through investment portfolios made up of exchange-traded funds ("ETFs"). Each portfolio is designed to provide Clients with an efficient way to invest in the capital markets based on each Client's individual investment time frame, risk tolerance, and liquid net worth. The portfolios are designed for long-term (i.e., one year or more) investing. To get started, we ask prospective Clients to respond to a sequence of interactive questions that are important to the development of their portfolios, such as their investment time horizon, financial goals and objectives, and net worth. We also inquire into their tolerance or appetite for risk. Following responses to a series of online multiple-choice questions, prospective Clients receive a recommended investment allocation comprised of ETFs believed to be appropriate for their situation. The recommendation is delivered for viewing over the Internet via our website.

After the Client responds to the interactive questions, the Client is shown an appropriate portfolio and has the ability to switch from the Cash-Enhanced Robo Portfolio with no advisory fee to a Market-Focused Robo Portfolio with a lower cash allocation and an annual advisory fee as described below. Investors can select from Core, Income, Socially Responsible, or Tax-Optimized models:

- The Core portfolio models track major asset benchmarks and are diversified among domestic equity, international equity, domestic fixed income and international fixed income ETFs. There are five risk models: Conservative, Moderate, Moderate Growth, Growth and Aggressive Growth.
- The Socially Responsible portfolio models are similar to the Core portfolio models, but the equity allocation utilizes ETFs that include investments in companies that actively practice sustainability, energy efficiency, and other environmentally-sound initiatives.
- The Tax-Optimized portfolio models are similar to the Core portfolio models but incorporate ETFs with municipal bond exposure to help enhance the after-tax yield. This portfolio type offers higher dividend yields while maintaining a more conservative risk profile.
- The Income portfolio model is designed to be a lower-risk approach to help investors who may want supplemental income for retirement or other purposes. The model seeks safety and returns covering increasing investment value. The model offers higher dividend yields while maintaining a more conservative risk profile.

In the Cash-Enhanced Robo Portfolios, each portfolio typically consists of less than ten ETFs and approximately 30% of the portfolio is allocated to cash. The Cash-Enhanced Robo Portfolios are not subject to an advisory fee.

Investors also have the ability to select the more fully invested Market-Focused Robo Portfolios, which offer the Core, Income, Socially Responsible and Tax-Optimized models. These models are similar to their Cash-Enhanced Robo Portfolios counterparts but with a lower cash allocation of approximately 2%. Ally Invest charges an advisory fee on the Market-Focused Robo Portfolios.

To become a Robo Portfolios Client, interested parties must access our secure website where they are offered our current firm brochure that describes our advisory firm, its services, potential fees, etc., as well as any material conflicts of interest that could be reasonably expected to impair the rendering of unbiased and objective advice.

Fees

Advisory Fees

The minimum initial deposit for each account is $100.00. AIA's compensation is based on a combined annualized asset-based fee. Our fees are billed monthly, in arrears, per the following table:

Portfolio Type	Annual Fee
Market-Focused Robo Portfolio	0.30%
Cash-Enhanced Robo Portfolio	None

AIA's advisory fees are calculated on a daily basis. The daily advisory fee is based on the end of day balance of the Client's account multiplied by the Annual Fee. AIA's fees for a calendar month are equal to the sum of the daily fees for that month.

Discounting Fees

AIA reserves the right, in its sole discretion, to negotiate, reduce or waive the advisory fee for certain Client accounts and associates of AIA and its affiliates for any period of time determined by AIA. In addition, AIA may reduce or waive its fees for the accounts of some Clients without notice to, or fee adjustment for, other Clients. Published fees may be discounted at the discretion of a member of AIA's management but they are not generally negotiable. We will provide you with reasonable advance notice of any changes in the advisory fees to be paid by you.

For the benefit of discounting a Client's asset-based fee, multiple accounts may be aggregated for the same individual, or two or more accounts within the same family. Should account restrictions be substantially different for any two or more household accounts, requiring different investment approaches or operational requirements, AIA reserves the right to apply the fee schedule separately to each account.

All forms of advisory engagements with AIA, the services to be provided and their specific fees are detailed in the Ally Invest Robo Portfolios Advisory Agreement (the "Advisory Agreement").

Payment of Fees

Fees are billed monthly in arrears and fee payments are generally withdrawn from the Client's account within the first ten days of each month. AIA does not accept cash, money orders or similar forms of payment for any of its engagements, nor do we allow for direct billing. The Client's first billing cycle begins once the Advisory Agreement is executed with AIA and assets have been invested. Fees for partial months are prorated based on the remaining days in the reporting period in which AIA services the account. All fees deducted will be clearly noted on account statements that the Client receives from the Custodian. Please note that the Client shares in the responsibility to verify the accuracy of fee calculations; the Custodian may not necessarily verify billing accuracy for each Client.

Ally Invest Securities ("Broker"), a wholly owned subsidiary of Ally Invest Group and affiliate of AIA, serves as broker of record for each account. Broker introduces all client accounts to its clearing and carrying firm, Apex Clearing Corporation ("Custodian"), on a fully disclosed basis. By signing the Advisory Agreement, as well as Broker's account opening documents, the Client authorizes the withdrawal of fees from the Client's account. Broker will withdraw these fees from your account and remit them to AIA. In the event there is insufficient cash in your account to cover the fees or any debit balance, AIA is authorized to sell any securities held in your account to generate the needed cash. You are responsible for any tax liabilities that result from transactions in your account arising from liquidations to pay fees and satisfy debit balances due to AIA.

Any service fees assessed by Broker or Custodian, such as individual retirement account fees, qualified retirement plan fees, or account termination fees, will be borne by the account holder and are pursuant to those provided in current (separate) fee schedules of any selected service provider. A list of these fees is available at Broker's website or by contacting Broker. Clients will be notified of any future changes to these fees by Broker.

The annual advisory fee does not cover internal expense ratios (and other fees and charges) applicable to ETFs held in your account. Each underlying ETF charges its own internal advisory, brokerage and other fees and expenses. These internal fees and expenses are deducted from the ETF's net asset value and are standard expenses that all ETF shareholders pay. Please refer to the ETF prospectus for more information. ETFs are available outside of the AIA advisory service without paying our advisory fee but may be subject to trade commissions and/or other transaction charges.

Termination of Services

Either party may terminate the Advisory Agreement at any time, which should typically be done in writing. If a Client orally notifies AIA of the termination and if, within two business days following this notification AIA has not been sent the Client's written notice, AIA will make a written notice of the termination in its records and will send the Client its own termination notice.

AIA will not be responsible for future investment allocation, advice or transactional services (except for limited closing transactions) upon receipt of a termination notice. AIA will inform Broker that the Advisory Agreement has been terminated and Broker will close the account.

Services Purchased Separately

The total costs associated with a wrap fee program account may be more or less than separately purchasing brokerage and advisory services. The factors that bear upon the relative costs of our wrap fee programs include the number and timing of transactions, referral fees (if any), portfolio management and custody fees, regulatory, compliance, and administrative charges, research costs, and promotional materials, among others. These and other factors may affect the cost of obtaining these services separately from another provider.

Additional Client Fees

There are no sales loads, brokerage fees, mark-ups, mark-downs, spreads paid to market makers, or brokerage termination or account surrender fees associated with our programs. Brokerage services are provided by Broker, an SEC-registered broker-dealer and affiliate of AIA (member FINRA and SIPC), and clearing and custody services are provided by Custodian (member FINRA and SIPC). Additional information about both of these entities and their services, as well as the benefits we receive from them is noted in further detail in Item 9 of this brochure. A Client may, however, incur certain separate charges imposed by Broker or Custodian, such as: wire transfer and electronic fund fees, retirement plan custodial fees, or account termination fees, in addition to certain taxes on non-retirement brokerage accounts, which are described in the fee schedule that is provided to the Client prior to account inception. A current list of these fees can be found at **https://www.ally.com/invest/**.

Compensation Matters

Associates of AIA do not receive any portion of the advisory fee AIA assesses. Clients should always consider other programs offered by our affiliates or other firms, as well as whether paying separately for investment advice, brokerage, and other services is more appropriate for their personal situation.

General Information

Third Party Agreements

In addition to the Advisory Agreement you enter into with AIA, our advisory services also require that you open a brokerage account with Broker. You will need to complete a brokerage account application and agree to Broker's brokerage agreement to maintain the assets and effect all transactions in the account.

Custodian, an unaffiliated broker-dealer, acts as Broker's clearing firm and holds (or custodies) the assets in your portfolios. Custodian receives compensation directly from Broker and indirectly from AIA for providing custodial services on accounts managed by AIA.

In addition to the terms and conditions of the applicable Advisory Agreement and the brokerage agreement with Broker, you will be subject to the terms and conditions of each ETF's prospectus or similar disclosure document, including any underlying fees and expense ratios described therein.

Interest on Cash Balances

Cash balances held in your account managed that are either pending investment or allocated to cash earn interest paid by Custodian. Custodian holds these funds at multiple banks, including on deposit with Ally Bank, an affiliate of AIA, in an unsegregated account. Ally Bank and Broker earn interest on these cash balances and Custodian pays you interest on them. The interest on the cash balances is typically equal to or greater than the current Ally Bank Online Savings Account annual percentage yield (all rates are subject to change without notice).

Payment for Order Flow

Broker is compensated when it places orders on behalf of AIA that are executed by various market centers, including Custodian. This industry practice is generally known as "payment for order flow" and consists of a small per-share rebate when an order is executed. Broker does not share such compensation with AIA. Both AIA and Broker monitor execution quality to ensure that all orders are executed at prices equal to or better than the displayed applicable national best bid/offer price.

Trading Error Corrections

In the event AIA makes an error that has a financial impact on the Client's account, we will seek to correct the error as soon as possible and in such a manner that the Client is not disadvantaged and bears no loss. We will evaluate each situation independently.

Item 5 - Account Requirements and Types of Clients

Types of Clients

We generally offer our advisory services to individuals and high net worth individuals. However, we may at our discretion offer our services to trusts, corporations, and other business entities, provided their investment guidelines permit us to do so. AIA reserves the right to waive or reduce certain fees based on unique individual circumstances, special arrangements, pre-existing relationships, or as otherwise may be determined by AIA. We also reserve the right to decline services to any prospective Client for any non-discriminatory reason. At a minimum, we gather information from the Client about the Client's financial situation, investment objectives, and risk tolerance. This data is then used to determine the appropriate service and allocation for the Client.

Our advisory services generally are not available to foreign investors. Most foreign citizens with a valid Social Security number who legally reside in the United States full-time may open an account. All Clients, including United States citizens, must be living in the United States to open an account, though we make exceptions for active military personnel stationed abroad.

Account Requirements

Account Minimum

The minimum initial deposit for new accounts is $100.00. The initial minimum funding amount must be met before advisory services will begin. Once the initial minimum is met and the required account paperwork is received and approved, AIA will manage accounts regardless of account balance until either: (1) a full withdrawal request is made by the Client to liquidate and close the account ("Termination of Services") or (2) a withdrawal request is made by the Client that would bring the account below a $75 balance. Any disbursement (Client-initiated withdrawal or liquidation, account statement/trade confirmation fee or other service provider fee) of funds that would bring an account below $75 will be processed as a full withdrawal and initiate Termination of Services. Furthermore, if the Client's account goes below the initial minimum funding amount, the asset allocation of the portfolio will vary from the target asset allocation. AIA may make exceptions to account minimums for certain legacy Clients and reductions in balances due to fees or market movement.

Account Opening Process

To help the government fight the funding of terrorism and money-laundering activities, federal law requires Broker to verify a Client's identity. If Broker is not able to verify a Client's identity at account opening or throughout the advisory relationship, AIA will restrict the account from trading and the billing of fees until the restriction is resolved.

Instructions for funding the account will be provided interactively on the website during the account opening process. Once the minimum investment level for the specified allocation is reached the available cash will be allocated.

Deposit of Securities to Fund Account – Liquidation

AIA will have discretionary authority over original securities deposited to the account that are not part of the model portfolio the Client has selected. Unless instructed by the Client to transfer those securities out of the account, AIA will liquidate them. Typically, the securities deposited by Clients are open-ended mutual funds, ETFs, common stocks listed on a United States exchange, and fixed income securities. If the Client deposits Restricted Securities (as defined in Rule 144 under the Securities Act of 1933), non-standard assets, options, derivatives, or other similar securities, AIA will liquidate them on a best-efforts basis. The liquidations will be effected after the opening and acceptance of your account and after the eligible securities are received in good order (certain securities may require additional paperwork) at then-prevailing market prices. The cash from the sale of the securities will be invested in the appropriate model portfolio assuming the investment minimums are met. The Client is responsible for seeking the advice of a tax professional prior to depositing securities that are not part of the model portfolio into the account. Liquidation of securities deposited may be subject to capital gains. Clients are responsible for all taxes as well as any early surrender/sales loads for mutual funds transferred to AIA and subsequently liquidated for investment. No commissions will be charged on the sale of the securities. There may be additional fees charged by the sending broker-dealer for securities transfer.

Item 6 – Portfolio Manager Selection and Evaluation

Investment Methodology

AIA portfolio management services are based on Modern Portfolio Theory ("MPT"). MPT assumes that investors are risk averse, and thus an investor will only take on increased risks if they are adequately compensated with higher expected returns. AIA employs a disciplined investment process which seeks to construct a set of efficient portfolios for different levels of risk appetite. The strategies are diversified across a broad mix of asset classes, geographies, major market sectors and segments.

AIA developed capital market forecasts of risk, return and correlation using a combination of historical and current market data. Our first step in evaluating the broad universe of asset classes for inclusion within our optimal portfolio mix, is to obtain and calculate their annual returns, volatility and cross-correlations. We then focus on three major qualifications: (1) efficiency from a mean-variance and conditional VaR perspective, (2) constraints of the selected asset classes, and (3) investor risk profile. However, these three major qualifications are subject to AIA constraints as the best risk/return characteristics may not always be practical or acceptable to the investor.

In determining the appropriate assets classes to be included in an optimal asset allocation, AIA takes into account the following:

- Traditional mean-variance optimization (subject to AIA constraining factors);
- Mean conditional value at risks; and
- Probability distributions.

Once an efficient frontier has been developed based upon the above criteria, AIA then selects portfolios along the frontier based on:

- Projected investor performance criteria, and
- Effective portfolio spacing.

Portfolios are constructed using a mix of ETFs whose underlying holdings include domestic and foreign fixed income, equity securities, and cash. Stocks, despite their high volatility, give investors exposure to economic growth and offer the opportunity for long-term capital gains. Stocks provide effective long-run inflation protection and are relatively tax efficient due to the favorable tax treatment on long-term capital gains and stock dividends. Bonds and bond-like securities are the most important income-producing asset classes for income-seeking investors. Although bonds have lower return expectations, they provide a cushion for stock-heavy portfolios during economic turbulence due to their low relative volatility and low correlation with stocks.

A portion of the account is held in cash reserves. The Cash-Enhanced Robo Portfolios target cash of approximately thirty percent (30%) of the entire account value while the Market-Focused Robo Portfolios target cash of two percent (2%) of the entire account.

The cash will be held as a cash credit in the account and will be used primarily as an efficient 'buffer' to provide a cushion against volatility of the invested portion of the account, to facilitate the rebalancing of asset mix when appropriate, and also to facilitate the collection of management fees without requiring the liquidation of securities.

The ETFs used in portfolios are selected based upon a number of factors including: (1) reputation of issuer, (2) correlation to underlying benchmark, (3) volume/liquidity, (4) asset size/popularity, and (5) cost/expense ratio.

Client Tailored Services

Each Clients is asked to provide personal information to assist AIA in recommending a portfolio suited to the Client's particular circumstances. While the accuracy of the data provided by the Client is important to the investment recommendation, AIA is not required to verify any such data and is expressly authorized to rely on the Client's representations. Investment advice is limited to accounts managed by AIA and does not take into consideration accounts held outside of AIA.

The Client retains discretion over the initial implementation decisions and is free to accept or reject the initial recommendation from AIA. **If a Client decides to reject the AIA-recommended portfolio and selects a different portfolio, it is at the Client's own risk.**

Once the Client has accepted the portfolio recommendation, the Client must open an account at Broker in order to participate in the investment program. The Client must authorize AIA to exercise discretionary trading authority over the designated account. Once the portfolio allocation has been selected, AIA will exercise its discretionary authority to execute trades for the initial allocation of the selected portfolio and also for ongoing rebalancing. AIA will monitor the accounts and may rebalance (a) for "drift", (b) for deposits and withdrawals, (c) to free up cash to pay for advisory fees, and (d) if AIA makes a change to the underlying investment allocations. AIA does not have the authority to remove funds or securities from your account and may only request the withdrawal of its advisory fees.

Taxes

While AIA does not take a Client's personal tax situation into consideration when managing the Robo Portfolios, it may offer tax advantaged products that you may select. AIA does not provide tax advice as to the Robo Portfolios. AIA recommends that Clients consult with their personal tax advisor prior to engaging in any tax strategy. You may be subject to capital gains or losses as part of AIA investment management. AIA does not monitor for wash sales in your account.

Portfolio Selection and Evaluation Performance

Performance reports are available to the Client by accessing AIA's service platform. A Client retains access to the platform as long as the Client's account remains open with AIA. This access also provides the Client the ability to generate various reports to gauge account progress. AIA's online performance reports are calculated using a time-weighted methodology. The methodology is programmed into our portfolio administration systems and, to ensure accuracy, periodic back-testing is conducted by our supervisory staff or qualified third parties. Time-weighted reporting compounds daily portfolio-level returns from the time the account was originally funded to the present. Reports are intended to inform our Clients about investment performance on both an absolute basis and as compared to a known benchmark. We believe these are appropriate methods to evaluate portfolio performance since they are not sensitive to any contributions or withdrawals a Client makes to an account. We do not validate performance reports created by systems external to ours and cannot attest as to whether they are calculated on a uniform and consistent basis.

Performance reports are for informational purposes only and are not intended to replace statements or confirmations, which are the official account records provided by Custodian. Clients will receive electronic account statements prepared by the Custodian on at least a quarterly basis. AIA does not create account statements for Clients and we urge Clients to carefully review statements they receive from the Custodian for accuracy.

Risk Considerations

AIA cannot warrant or guarantee any particular level of account performance or that an account will be profitable over time. Past performance is no guarantee of future results.

Except as may otherwise be provided by law, we are not liable to any Client or the Client's heirs or assignees, for: (i) any loss an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by AIA with that degree of care, skill, prudence, and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; (ii) any loss arising from adherence to any direction of a Client or the Client's attorney-in-fact may provide; or (iii) any act or failure to act by a service provider maintaining an investment account.

Federal and state securities laws impose liability under certain circumstances on persons who act in good faith and, therefore, nothing contained in this document or any Advisory Agreement shall constitute a waiver of any rights that a Client may have under federal and state securities laws.

Our investment portfolios are designed to produce the appropriate potential return for the given level of risk. However, we cannot guarantee that an investment objective or planning goal will be achieved. As an investor, each Client must be able to bear the risk of loss that is associated with the Client's account, which may include the loss of some or all principal invested. The following paragraphs offer examples of such risk.

Company Risk

When investing in securities, there is always a certain level of company- or industry-specific risk that is inherent in each company or issuer. For example, there is the risk that a company will perform poorly or have its value reduced based on factors specific to the company or its industry. This is also referred to as unsystematic risk and can be reduced or mitigated through diversification.

Financial Risk

Excessive borrowing to finance a business operation increases profitability risk 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.

Fundamental Analysis

The challenges involving fundamental analysis include situations where information obtained may be incorrect or the analysis may not provide an accurate estimate of future earnings, which may be the basis for a security's value. If a security's price adjusts rapidly in response to new information, fundamental analysis may result in unfavorable performance.

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.

Management Risk

An investment with a firm varies with the success and failure of its investment strategies, research, analysis and determination of its portfolio. If an investment strategy were not to produce expected returns, the value of the investment would decrease.

Market Risk

When the stock market as a whole, or an industry as a whole, falls in value, it can cause the prices of individual stock prices to fall indiscriminately. This is also called systemic or systematic risk.

Passive Investing

A portfolio that employs a passive, "efficient markets" approach (generally representative of index investing) has the potential risk at times to generate lower-than-expected returns for the broader allocation than might be the case for a more narrowly focused asset class, and the return on each type of asset may deviate from the average return for the asset class. We believe this variance from the expected return is generally low under normal market conditions when a portfolio is made up of diverse, low-correlated or non-correlated assets.

Research Data

When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a firm is relying on the accuracy and validity of the information or capabilities provided by the selected vendors, rating services, market data, and the issuers themselves. Therefore, while AIA makes efforts to determine the accuracy of the information received, we cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided, which could affect the advice regarding, or investment management of, an account.

Security-Specific Risks

AIA's asset selection process seeks to identify ETFs which exhibit high liquidity, low expenses, and low tracking error. AIA's selection process does not guarantee the quality of a particular ETF or that it will (1) be profitable, (2) properly track any comparable index, (3) trade in a liquid fashion, or (4) trade at or above its publicly-posted net asset value. AIA reserves the right to change the selection of ETFs it recommends at any time. Changes in the selection of ETFs employed by AIA may result in the sale of existing holdings and could subject Clients to additional tax liability.

Use of Algorithms

AIA incorporates computer-based technology to make investment recommendations and in the portfolio management processes, primarily through the use of algorithms designed to optimize various elements of wealth management. Accounts are continuously monitored by advisory personnel to ensure the investments held correctly reflect the selected model portfolio. You should be aware that this type of portfolio management is based on a pre-set investment allocation that could rebalance your account and not take certain market conditions into consideration. Such trading may occur on a more frequent basis than you might expect and may not address prolonged changes in market conditions. Understand that changes to the algorithmic code could also have material effects on Clients' portfolio recommendations and investment management. In the event of extraordinary market conditions, AIA may halt trading or take other temporary measures meant to ensure your financial protection.

Alternative Investments

Strategies involving "alternative" investments generally include those which do not fall into equity, fixed income or cash equivalents. Such investments would include "real assets" such as real estate and commodities, and alternative strategies such as absolute return strategies and various other hedge fund-type strategies: global macro, managed futures, long/short equity, multi-strategy, event driven, private equity, etc. The goal of these alternative strategies is to provide for diversification in order to lower portfolio volatility and enhance long-term returns. The alternative investments we recommend are managed through ETFs and are not direct holdings. AIA does not directly invest in any hedge funds, managed futures, private equity funds, real estate investment trusts, or any other type of alternative investment.

Equity (Stock) Market Risk

Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in, and perceptions of, the company that issued the stock change. If an investor held common stock, or common stock equivalents, of any given company, they would generally be exposed to greater risk than if they held preferred stock or debt obligations of the company. Common stocks are often holdings within mutual funds and ETFs.

Cash Drag Risk (Cash-Enhanced Robo Portfolios)

The allocation of cash within your portfolio has an impact on portfolio performance. As the allocation to cash increases, the volatility of the entire portfolio is reduced. In times when invested assets are increasing in value, a portfolio with a higher allocation to cash could experience returns that lag those of a more fully invested portfolio. Conversely, when invested assets are declining in value, a portfolio with a higher allocation to cash could experience a less significant decline than a more fully invested portfolio.

ETF Risks

The risk of owning ETFs reflect the risks of their underlying securities (e.g., alternative investments, stocks, bonds, etc.). ETFs also carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees.

Fixed Income Risks

Various forms of fixed income instruments, such as bonds, money market or bond funds, or certain ETFs containing these holdings, may be affected by various forms of risk, including:

- Credit Risk – The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as default risk." Credit risk may also occur when an issuer's ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments, as well as funds or ETF share values that hold these issues. Bondholders are creditors of an issuer and have priority to assets before equity holders (i.e., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.
- Duration Risk – Duration risk is a measure of a bond's price volatility expressed in years, to be repaid by its internal cash flow (interest payments). Bonds with longer durations carry more risk and have higher price volatility than bonds with shorter durations.
- Interest Rate Risk – The risk that the value of the fixed income holding will decrease because of an increase in interest rates.
- Liquidity Risk – The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed income instruments are generally liquid (i.e., bonds), there are risks that may occur such as when an issue trading in a given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.
- Reinvestment Risk – With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.

Index Investing

Index investing has the potential to be affected by “active risk” (or “tracking error risk”), defined as the risk of deviation from a stated benchmark. If a portfolio attempts to closely replicate a stated benchmark, the source of the tracking error or deviation may come from a satellite portfolio or position, or from a “sample” or “optimized” index fund or ETF that may not as closely align to the stated benchmark as intended. In these instances, a portfolio manager may choose to reduce the weighting of a satellite holding, utilize very active satellites, or use a “replicate index” position as part of its core holdings to minimize the effects of the tracking error in relation to the overall portfolio.

Socially Responsible Investing Risk

An ETF’s environmental, social and governance (“ESG”) investment strategy limits the types and number of investment opportunities available to the ETF and, as a result, the fund may underperform other ETFs that do not have an ESG focus. An ETF’s ESG investment strategy may result in the fund investing in securities or industry sectors that underperform the market as a whole or underperform other funds screened for ESG standards. In addition, companies selected by the index provider may not exhibit positive or favorable ESG characteristics.

Qualified Dividend Income (“QDI”) Ratios

While many ETFs are known for their potential tax-efficiency and higher QDI percentages, those qualities may be negatively affected depending on the nature of the ETF’s underlying assets or how they are managed. For example, dividends paid by companies held for less than 61 of the 121 days surrounding the ex-dividend date are considered “non-qualified” under certain tax code provisions. Such holding period applies both to the ETF itself and to any company held by the ETF in its portfolio. Also, some or all of the income generated by certain asset classes, including commodities, currencies, REITs, and fixed income instruments, may be treated as non-qualified. An ETF’s QDI ratio should be considered when tax-efficiency is an important aspect of the Client’s portfolio.

Performance-Based Fees and Side-by-Side Management

AIA does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation) or engage in side-by-side management.

Item 7 - Client Information Provided to Portfolio Managers

AIA manages all Robo Portfolios directly; there are no non-AIA portfolio managers with whom AIA shares Client information. Clients should consider revisiting previously entered data to update their information if a material event has occurred, so that AIA can review and potentially adjust the Client’s portfolio.

Item 8 - Client Contact with Portfolio Managers

AIA provides all Clients with continuous access to their account information and documents via AIA’s website. Clients also receive periodic e-mail communications describing account information, product features, and portfolio performance.

Item 9 - Additional Information

Disciplinary Information

Neither AIA nor any member of its management has been involved in a material criminal or civil action in a domestic, foreign or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding that would reflect poorly upon AIA’s advisory business or the integrity of AIA.

Other Financial Industry Activities and Affiliations

AIA’s policies require AIA and its associates to conduct business activities in a manner that avoids or appropriately mitigates conflicts of interest, including those among AIA, its associates, and its Clients, and with any other party, that may be contrary to law. We will provide disclosure to each Client prior to and throughout the term of an engagement regarding any conflicts of interest that might reasonably compromise our impartiality or independence.

Broker, Ally Invest Group, Ally Bank, and Ally Financial provide services to support AIA per an intercompany agreement. These services may include brokerage services, customer technical support, marketing functions, operational support, and other types of services. Management persons of AIA may also serve as management persons of Broker and Ally Invest Group.

All members of AIA management are associated persons of Broker.

Broker is a FINRA member and introducing broker-dealer to Custodian, which carries Broker’s accounts, including AIA accounts, on a fully disclosed basis. Broker effects AIA’s Client trades through various market centers, which are then cleared by Custodian. Accordingly, Clients are required to open their accounts at Broker.

In addition to Broker, we are also affiliated with Ally Invest Forex LLC (“AIFX”), a member of the National Futures Association. AIA, Broker, and AIFX are all wholly owned subsidiaries of Ally Invest Group. Ally Invest Group and Ally Bank are wholly owned subsidiaries of Ally Financial. Additional information about these relationships and potential conflicts of interest are described in other sections of this brochure.

As noted in Item 4 - Interest on Cash Balances, AIA’s affiliates benefit from the assets held in accounts managed by AIA. For more information please see the Interest on Cash Balances and Payment for Order Flow sections, above, or visit our disclosures page at https://www.ally.com/invest/disclosures.

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

AIA has adopted a Code of Ethics that establishes policies for ethical conduct for all its personnel, and accepts the obligation not only to comply with all applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. AIA policies include prohibitions against insider trading, circulation of industry rumors, and certain political contributions, among others. AIA periodically reviews and amends its Code of Ethics to ensure they remain current and requires all personnel to annually attest to their understanding of, and adherence to, the Code of Ethics. A copy of AIA's Code of Ethics is made available to any Client or prospective Client upon request.

Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

No associate of AIA is authorized to recommend to a Client, or to effect a transaction for a Client, involving any security in which AIA or a "related person" (e.g., associate, an immediate family member, etc.) has a material financial interest, such as in the capacity of an underwriter or advisor to an issuer of securities, etc.

Associates are prohibited from borrowing from or lending to any Client unless the Client is an approved financial institution.

Advisory Firm/Personnel Purchases of Same Securities Recommended to Clients and Conflicts of Interest

For the purpose of performance tracking, AIA invests its own funds in its own managed portfolios. AIA does not trade for its own account (i.e., proprietary account trading) for the purpose of generating revenue, tax harvesting, etc. AIA's related persons may buy or sell securities that are the same as, similar to, or different from, those recommended to Clients for their accounts. A recommendation made to one Client may be different in nature or in timing from a recommendation made to a different Client, as Clients often have different objectives and risk tolerances.

At no time will AIA or a related person receive preferential treatment over a Client. In an effort to reduce or eliminate certain conflicts of interest involving personal trading (e.g., trading ahead of a Client's order, etc.), AIA policy restricts or prohibits related parties' transactions in specific securities. However, the restriction does not apply to: (i) securities listed on the S&P 500 or other large cap issues with a market capitalization or net assets of $5 billion or more; (ii) any transaction involving no more than the sum of $10,000; or (iii) any other transaction or group of transactions of such limited volume as to be unlikely to move the market. Any exceptions or trading pre-clearance must be approved by our Chief Compliance Officer in advance of the transaction in a related person's account. AIA maintains personal securities transaction records per applicable regulations.

Review of Accounts

It remains each Client's ongoing responsibility to promptly update AIA when there is a material change to the Client's situation or investment objective, for the purpose of evaluating or revising previous portfolio recommendations.

AIA provides all Clients with continuous access to their account information and documents via AIA's website. Clients also receive periodic e-mail communications describing account information, product features, and portfolio performance.

AIA's advice is rendered through our digital platform (online and mobile) and is designed to be operated by the Clients themselves. AIA periodically reviews the ETFs used for Client portfolios via its Investment Committee. The Investment Committee is comprised of AIA's president and certain other AIA and parent company personnel who approve any modifications to the ETFs chosen for the portfolios or any newly created portfolios.

Non-periodic reviews may be performed by assigned staff or our programmed systems in response to material market, economic, or political events, or by changes in a Client's financial situation (e.g., changes in employment, relocation, an inheritance, etc.). Clients should consider revisiting previously entered data to update their information if a material event has occurred so that AIA can review and potentially adjust the Client's portfolio.

Client Referrals and Other Compensation

Economic Benefit from External Sources and Potential Conflicts of Interest

As a fiduciary, AIA endeavors to put the interests of its Clients first, and it is important to mention that any benefit received by AIA through a market center does not depend on the amount of brokerage transactions directed to that market center. In addition, we believe that the selection of Broker and Custodian is in the best interests of our Clients since the selection is supported by the scope, quality, and cost of services provided as a whole.

AIA may participate in promotional campaigns involving affiliates. These events may be delivered to Clients in the form of emails, ads on the www.ally.com website, or through other channels. These promotions may include reduced or waived fee arrangements for AIA, and they may also include cross-company promotions. A Client may be required to maintain certain asset levels in order to be eligible to receive such an incentive.

Custody

AIA's Client assets are maintained in an account in the Client's name at Custodian, with Broker serving as the broker-dealer of record. Custodian also provides settlement and clearing services with respect to trades booked to the account. Accordingly, Client assets are not physically maintained by AIA. Broker also processes Client checks and deposits them into Client accounts. In keeping with this arrangement and its custody policies, AIA:

- Restricts AIA associates from serving as trustee or having general power of attorney over a Client account;
- Prohibits AIA associates from having authority to directly withdraw securities or cash assets from a Client account. Advisory fees are only withdrawn from an account through the engagement of a qualified custodian maintaining Client account assets and with prior written Client approval (termed "constructive custody");
- Ensures that Broker maintains strict policies and procedures relating to check handling and processing;
- Does not accept or forward Client securities (e.g., stock certificates) erroneously delivered or received by AIA;
- Will not collect advance fees of $1,200 or more for services that are to be performed six months or more into the future; and
- Does not permit AIA associates to ask for or receive Client account access information (e.g., online 401(k), brokerage, or bank account passwords).

Clients are provided with transaction confirmations and summary account statements by Custodian. Statements are provided on at least a quarterly basis. AIA does not create account statements for Client and will not serve as the sole recipient of any Client account statement. Clients are urged to carefully review and compare their account statements with any performance report provided by AIA.

Investment Discretion

AIA manages Client accounts on a discretionary basis. Similar to a limited power of attorney, discretionary authority allows AIA to implement previously determined investment strategies and subsequent trading decisions, such as the purchase or sale of a security, without requiring the Client's prior authorization for each transaction. This authority is granted by the Client through the execution of an Advisory Agreement, as well as Custodian's limited power of attorney form or clause, which may be part of the account opening documents. Custodian limits AIA's authority within a Client account to the placement of trade orders and the deduction of any applicable advisory fee. Our Clients retain the right to terminate our account authority but doing so will result in a termination of the Advisory Agreement. We will then inform Broker that the Advisory Agreement has been terminated and Broker will close the account.

Voting Client Securities

Clients may periodically receive "proxies" or other similar solicitations sent directly from Custodian or a transfer agent. Regardless of whether we receive a duplicate copy of these or any other correspondence relating to, e.g., the voting of Client securities, class action litigation, corporate actions, etc., we do not forward them to Clients.

AIA does not vote proxies on behalf of Clients, nor do we offer guidance on how to vote proxies. In addition, we do not offer guidance on any claims or potential claims in bankruptcy proceedings, class action securities litigation, or any other litigation or proceeding relating to securities held at any time in a Client account including, without limitation, filing proofs of claim or other documents related to such proceedings. We do not investigate, initiate, supervise, or monitor class actions or other litigation involving Client assets.

Clients will maintain exclusive responsibility for directing the manner in which proxies are voted, as well as making all other elections relative to mergers, acquisitions, tender offers, or other legal matters or events pertaining to a Client's holdings. Clients should consider contacting the issuer or their legal counsel for any specific questions regarding a proxy solicitation or corporate action.

Financial Information

AIA does not take physical custody of Client accounts, nor do we require or solicit prepayment of more than $1,200 in fees per Client for services to be performed six months or more in advance. Neither AIA nor any member of its management serves as general partner for a partnership or trustee for a trust in which AIA's advisory Clients are either partners or beneficiaries. Therefore, due to the nature of our advisory services, an audited balance sheet is not required nor included in this disclosure.

AIA and its management do not have a financial condition likely to impair the ability to meet contractual commitments to our advisory Clients, nor has AIA or its management been the subject of a bankruptcy petition at any time in the past ten years.