Form ADV Brochure Part 2A

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This brochure provides information about the qualifications and business practices of ETF Model Solutions, LLC. If you have any questions about the contents of this brochure, please contact us at (920) 785-6012 or by email at: rob@etfmodelsolutions.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about ETF Model Solutions, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for ETF Model Solutions, LLC is: 168410.

ETF Model Solutions™ is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2: Material Changes

The following material changes have been made since the firm's last annual update of Form ADV Part 2A dated March 31, 2018

Item 3: Table of Contents

Item 4: Advisory Business

A. Description of the Advisory Firm

ETF Model Solutions, LLC (“ETF Model Solutions™”, “ETFMS”, “We”, or “the Firm”) is a registered investment adviser operating as a Limited Liability Company organized in the State of Wisconsin. The Firm was founded in 2013.

The Firm offers investment management utilizing and/or coordination of predominantly passive (index) investment management services. Prior to rendering any services, clients are required to enter into one or more written agreements with ETF Model Solutions, LLC setting forth the relevant terms and conditions of the advisory relationship.

The Firm is committed to minimizing potential conflicts of interest and providing transparent pricing.

B. Types of Advisory Services

ETF Model Solutions™ provides investment advisory and investment management services through a series of various asset allocation models that primarily contain exchange traded funds (ETFs), but also may include Exchange Traded Notes (ETNs), open- and closed-end mutual funds, and, to a lesser extent, other publicly-traded securities such as Business Development Companies (BDCs) and Real Estate Investment Trusts (REITs). Clients may engage ETFMS to effect transactions within their investment portfolios on a discretionary basis.

These investment models may be deployed or provided to various clients through several distinct client relationship types, including: (a) investment advice directly to end clients exclusively through the website MyRoboAdviser.com; (b) discretionary investment advisory services creating and managing risk-based asset allocation models made available to 401(k) Plans and as a subadvisor through various Separately Managed Account or Turnkey Asset Management Platforms, including Mid-Atlantic Capital Group’s ModelxChange and ManagerxChange, and (c) licensing or otherwise contractually creating, managing or providing asset allocation models to affiliated or unaffiliated investment advisors to which ETFMS serves in a non-discretionary investment advisory capacity.

ETF Model Solutions™, at its own discretion, will accept clients in which it serves in either a discretionary or non-discretionary capacity, providing investment advisory, portfolio construction, investment management, consulting and/or related services to endowments and foundations, institutions, or other investment advisory firms.

As a registered investment adviser, we are held to the highest standard of client care - a fiduciary standard. As a fiduciary, we always put our client's interests first and must fully disclose any potential conflicts of interest. We do not directly hold customer funds or securities and all transactions are sent to our qualified custodian(s) which execute, compare, allocate, clear, and settles them. The custodian(s) also maintain our clients' accounts and may grant clients access to them.

When making investment selections ETF Model Solutions™ may consider the tax implications of any ETF or other holdings that it includes in its portfolio allocations. For example, ETFMS may generally seek to avoid including securities in its model portfolios that issue Form K-1 tax reporting in favor of securities that issue Form 1099 tax reports. ETF Model Solutions™ is not responsible for tax reporting for securities held in its model or investment portfolios. The custodial brokerage firm which the client’s account is held is responsible for providing tax statements to clients.

ETF Model Solutions™ does not provide tax advice and we recommend that clients direct tax questions to a qualified tax professional, who is familiar with the federal, state and local tax issues applicable to the client's specific tax circumstances and needs. ETF Model Solutions™ may conduct tax loss harvesting activities with respect to specific securities within an account or a model, or consideration of the tax implications of holdings in its model portfolios.

<u>(a) My Robo Adviser™ Investment Advisory</u>. ETF Model Solutions™ offers its advisory services as an automated or digital (i.e. internet/web-based) investment solution directly to individual investors, businesses, trusts and other client types under the business name of My Robo Adviser™ through its website (www.MyRobo Adviser.com). Through this automated program, ETFMS makes available diversified, ETF-based models that are tailored to an individual's risk profile and investment objectives. Clients are provided with recommended risk-appropriate investment solution based upon their responses to a questionnaire that is designed to help assess each client's investment goal and risk profile. Portfolios are structured in a continuum, ranging from 0% Equity/100% Bonds (Conservative) to varying allocations of Equity, Bonds and/or Liquid Alternative Investments to meet moderate to aggressive investment risk profiles. Clients engaging ETFMS through My Robo Adviser™ answer a series of questions based on income, investable assets and other basic questions designed to ascertain goals and risk, and are then recommended a portfolio mix or a target allocation of investments based upon their responses. Clients may accept the recommended allocation and their funds will be invested accordingly. However, the clients may choose to "over-ride" the recommended allocation and select an allocation from the menu that may be more conservative or more aggressive than the recommended allocation. ETF Model Solutions™ provides the My Robo Adviser™ service on a discretionary basis. My Robo Adviser's services are provided as a wrap fee program sponsored by Betterment, LLC.

When clients add or remove funds into or out of their account(s), the system will indirectly rebalance the account(s) by seeking to buy/sell asset classes that are currently underweight/overweight, respectively. Periodically, the accounts will be rebalanced back to the intended target allocation of each respective model portfolio. This rebalance process may be automatically generated based upon a predetermined algorithm as either individual or overall asset class allocations move outside a predetermined band, or generated manually when ETFMS makes a change to the portfolio holdings. Taxable accounts where clients have elected to participate in tax loss harvesting may be rebalanced to sell securities that generate a tax loss and replaced with a substitute security to generate tax savings.

While My Robo Adviser™ seeks to limit the tax obligations for client accounts, the service does not provide individualized tax planning or tax advice. ETF Model Solutions™ recommends that clients in need of tax advice obtain these services from a qualified tax professional that is familiar with the federal, state and local tax issues applicable to one's needs. Clients are advised and agree to log onto the site and update their risk profile information whenever there is a change to their financial circumstances or investment goals to obtain an updated allocation recommendation based on the new information. Clients are provided with email and phone numbers of an adviser they can contact to answer their questions regarding the platform and the investment program.

The portfolio allocation recommendation(s) provided by the My Robo Adviser™ service are tailored to meet the objectives for each unique client goal, thus providing individualized investment advice. My Robo Adviser™ does not perform any other services or provide traditional financial planning.

<u>(b) Investment Advisory- Managed ETF Models</u>. ETF Model Solutions' ETF-based models are available on Separately Managed Account or Turnkey Asset Management platforms, including Mid Atlantic's ModelxChange and ManagerxChange. When utilized by independent advisors for managing client assets, ETFMS provides model management services to clients in the various

models selected by the Client's advisor. Models include passive risk-based models, strategically managed models, and tactical or dynamic managed strategies

Retirement (401-k) Plans access our services through the ModelxChange platform. ETF Model Solutions™ provides model management services to the Plans that make available the Firm's models as investment selections within their Plan. Models available to Plans include risk-based portfolios intended for investors that identify themselves within a certain risk category, such as Conservative, Moderate, or Aggressive. Investment advisers serving the retirement Plan Sponsors in a fiduciary capacity under either an ERISA (3)(21) non-discretionary, or ERISA (3)(38) discretionary capacity, may recommend that these investment models are appropriate investment options for their respective Plan clients. When its investment models are included as investment options within a retirement or 401(k) Plan, ETFMS serves as a discretionary investment manager to the Plan only with respect to assets place in its models. Clients (Plan Sponsors) can impose reasonable restrictions on the managed portfolios or models.

ETF Model Solutions™ constructs and maintains its Managed ETF model portfolios, which includes periodic rebalancing and reconstituting by utilizing the services of the Separate Account or Turnkey Asset Management platforms through which ETF Model Solution's models are available, including ModelxChange and ManagerxChange. Upon constructing, or making a change to a model portfolio, ETFMS communicates (via secure web portals or other methods) the changes in the portfolios to Mid Atlantic or other platform provider, who is then responsible for enacting the securities trades necessary in client accounts, according to the new position weightings as communicated by ETFMS. Certain tactical or dynamic model strategies may be constructed in collaboration with or licensed from other investment advisory or investment management firms. ETFMS' Endowment-Dynamic Allocation model has been developed in cooperation with and is licensed from Qterra Capital Management, Inc.

<u>(c) Model Licensing</u>. ETF Model Solutions™ provides non-discretionary investment advisory services to affiliated and/or non-affiliated investment advisers. These licensing activities include the creation and maintaining of ETF-based investment models. These models and subsequent model changes are communicated as recommended allocations or changes to the advisory firms that license the models. These recommendations are provided on a non-discretionary basis. ETF Model Solutions™ is not responsible for enacting or making discretionary trades in client accounts with respect to its model licensing activities. Firms that license these models are responsible for any discretionary activities with respect to assets they manage according to the models. ETF Model Solutions' compensation for these activities is subject to the terms a model licensing/management agreement that is agreed upon with the advisory firm utilizing these services.

Other activities. ETF Model Solutions™ conducts ongoing research which may result in the construction of various indexes. ETF Model Solutions™ conducts research and index construction according to proprietary methodologies. Calculation and dissemination of historical and current data on index construction which may be made publicly available through various index calculation services such as Nasdaq OMX®. Index data and research may also be licensed to various institutional investment managers.

Services Limited to Specific Types of Investments

ETF Model Solutions™ generally limits its investment advice to domestically-registered securities that trade on major U.S. securities exchanges and/or offer daily liquidity and do not require investor accreditation. These securities include exchange traded funds and notes, mutual funds (including closed-end funds) and business development companies that hold equities, fixed income securities, precious metals, commodities, real estate funds (including REITs), and other asset classes. Certain mutual funds or exchange-traded funds may implement hedging strategies or utilize derivatives, including, but not limited to futures and options. within their underlying holdings. ETF Model

Solutions™ does not currently utilize illiquid investments such as private placements or non-publicly-traded securities within its models. ETF Model Solutions™ primarily utilizes ETF's and ETN's to represent the asset classes in the model portfolios, and to a lesser extent, ETFMS may include publicly-traded development companies and both closed and open-ended mutual funds in the models. ETF Model Solutions™ does not typically include individual stocks and bonds in our models or portfolio allocations.

C. Client Tailored Services and Client Imposed Restrictions

ETF Model Solutions™ offers risk-allocated models through its My Robo Adviser™ automated investment service, as well as managed portfolios through Turnkey Asset Management Platforms (TAMPs). These services make it possible for individuals, trusts, retirement plans, or other entities to access an endowment-based investment strategy designed to be consistent with the clients' investment objectives and risk tolerances. The individualized investment advice through My Robo Adviser™ is tailored to each investor's individualized goal(s).

ETF Model Solutions™ allows its clients to impose reasonable restrictions on investing in certain securities or types of securities, and will accommodate those requests to the extent that our service providers' operational functionality is sufficient to facilitate those restrictions.

D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees.

The service provided through My Robo Adviser™ is considered a wrap fee program. The total fee assessed for My Robo Adviser™ services is 0.60% (60 bps) and includes the combined fees of ETF Model Solutions' Investment Management fee of 0.35% and the Sponsor's custody and transaction fee of 0.25%. Betterment Securities is the Sponsor of the wrap fee program.

ETF Model Solutions™ provides investment management services via its ETF models through the ModelxChange Managers Program, a wrap fee program sponsored by Mid Atlantic Trust Company. Independent advisors that are unaffiliated with ETFMS can recommend that their clients' assets be managed by ETFMS through the Managers Program.

Fees for other services provided in the all-inclusive Program are determined by Mid Atlantic and the client's advisor that recommended that the client participate in the Managers Program. Adviser's participating in the program have discretion as to the advisory fee that they charge for their services, which will impact the total fees charged to each respective client that participates in the Program. Advisers may or may not negotiate their fee. ETF Model Solutions™ has no ability to influence what advisers participating in the Managers Program assess for their portion of the fee.

Clients participating in the Managers Program should review the fee section outlined in the wrap fee brochure provided to them by their adviser, as well as the fee section of the Investment Services Agreement as to the total fee amount and billing schedule that applies to their account.

Fees for the Managers Program are billed either monthly or quarterly in advance, according to the adviser's billing practices. Details of this can be found in the agreement that each client signs with the adviser. The billing method for the Managers Program is not determined by ETFMS. Each client's fee and how those fees will be billed are determined by the client's advisor that recommended the client utilize the Managers Program. These fee rates can be found in the Manager Selection and Client Fee Schedule section of the Manager's Program's Investment Services Agreement, which is signed by the client.

The current standard fee that ETFMS charges for the services it provides to clients through the program is 0.385% or 38.5 bps (0.035% or 3.5 bps of which is paid to Mid Atlantic). ETF Model Solutions' fee is negotiable.

E. Assets Under Management

As of 12/31/2017, ETF Model Solutions, LLC had $8,718,987 assets under management, all of which were discretionary.

Item 5: Fees and Compensation

A. Fee Schedule

(a) My Robo Adviser Accounts

My Robo Adviser™ services are provided to clients as part of a wrap program administered by Betterment, LLC, an SEC registered Investment Adviser. In this wrap fee program, clients are assessed a bundled fee, which encompasses the advisory fee for ETFMS' services (as itemized above), as well as sub advisory services provided by Betterment for Advisors and custodial and brokerage services provided by Betterment Securities. The wrap fees that apply to each client's account are identified in the agreements that the client executes when opening the account. The current total wrap fee for the My Robo Adviser™ program is 0.60%, of which 0.35% is ETFMS' advisory fee (as itemized above), with 0.25% assessed by Betterment. The quarterly fee is calculated as follows: (0.60% ÷ 4) x average assets. ETF Model Solutions™, in its sole discretion, may negotiate, reduce, or waive this fee for specific client accounts for any period. However, Betterment's portion of the wrap fee is non-negotiable.

My Robo Adviser™ client accounts are assessed a 0.60% (60 bps) wrap fee, 0.35% (35 bps) of which is ETFMS' annual advisory fee. The fee is based on assets under management and is deducted quarterly, in arrears and is based on the average assets held in the account during the immediate prior quarter according to the following calculation: (0.60%/4) x average assets, which equates to .0015 x average assets.

(b) Model and Portfolio Management Services Fees

ETF Model Solutions™ makes its models available to advisors and their clients through Separately Managed Account Platforms or Turnkey Asset Management Platforms (TAMP"), Unless otherwise noted below, ETF Model Solutions' standard annual model management fee for its managed ETF models is 0.35%. For active (i.e. tactical or dynamic) managed model strategies, the management fee is 0.50%. Fees will be calculated deducted according to the standard billing policies of the respective Programs or platforms.

ETF Model Solutions' standard annual model management fees for its managed ETF models utilized by independent and unaffiliated registered investment advisors for use in client accounts, or 401(k) or other retirement plans accessed through Mid Atlantic's ModelxChange platform are 0.35% (35 bps). For active or dynamic model strategies, the management fee is 0.50% (50 bps). This fee is negotiable.

ETF Model Solutions' standard annual management fees for its models provided through the ManagerxChange Program are 0.385% (38.5 bps), 0.035% or 3.5 bps or which ETFMS pays to Mid

Atlantic. For active or dynamic strategies, the management fee is 0.50% (50 bps), .035 or 3.5 bps of which is paid to Mid Atlantic. ETF Model Solutions' fees for these services are negotiable.

For retirement Plans accessing our Models through ModelxChange, fees are deducted from Plan assets. Fees are based upon assets under management within its various models that are included in each respective Plan(s), according to the model management agreement signed with each Plan Sponsor. Mid Atlantic's ModelxChange Platform accrues and deducts these fees daily and subsequently compensates ETFMS on the last business day of each month. The final fee schedule is attached as an Exhibit of the Model Management Agreement that is signed with each Plan Sponsor.

For clients whose advisor has placed their assets in one or more of our Models through the ManagerxChange Manager's Program, ETFMS' fees are collected by Mid Atlantic. The ModelxChange Managers Program fee is payable either monthly or quarterly in advance as outlined in the Program's Investment Services Agreement as signed by the client. For fees paid in advance, adjustments for new accounts or accounts closed during a given quarter will be made on a prorated basis. For details regarding these fees, clients should refer to the Investment Services Agreement.

ETF Model Solutions™ may choose to negotiate the fees it charges for its model and investment management services at its sole discretion.

(c) Model Licensing Fees

The current standard license fee for ETF Model Solutions' models is 0.35% (35 basis points) of assets and 0.50% for active or tactical/dynamic strategies. ETF Model Solutions™, in its sole discretion, may choose to negotiate discounts for its model licensing fees for advisory firms or advisors placing assets more than $5 million within the models.

Termination of Agreement

For clients that terminate the Investment Advisory Contract ETFMS will refund any prepaid, unearned fees. My Robo Adviser™ clients can terminate the Advisory Agreement by utilizing the functionality on the website to close their account and transfer funds to their linked bank or checking account they will be charged for accrued fees on a pro-rata basis.

B. Payment of Fees

Payment of AUM-based Model and Investment Advisory/Portfolio Management Fees

(a) My Robo Adviser fees. ETM Model Solutions™ assesses an advisory fee for clients that utilize the My Robo Adviser™ Service. This fee is based upon assets under management (AUM) and is deducted directly from the client's accounts with clients' written authorization according to the Client's agreement with ETFMS and to the Client's agreement with Betterment. Fees are collected quarterly, in arrears, as directed by the client in the agreement. Betterment's fee schedule for sub advisory, custody and trading is determined by Betterment. My Robo Adviser™ clients are subject to Betterment's sub advisory, trading and custody fee schedule. ETF Model Solutions' advisory fee for its services to clients for My Robo Adviser™ are included in a single bundled fee billed by Betterment.

(b) *Investment Advisory/portfolio management fees.* ETF Model Solutions™ does not typically determine how its fees are collected. Our fees may be collected in advance, in arrears, or accrued daily, dependent upon the contractual arrangement with each respective custodian or platform provider through which we manage our models. Each custodian, platform provider or wrap fee sponsor determines its billing structure and ETFMS is subject to that policy. For fees paid in advance, adjustments for new accounts or accounts closed during a given quarter will be made on a prorated basis.

For accounts that are managed through ModelxChange™, our management fees are accrued daily and subsequently deducted monthly in arrears by Mid Atlantic Capital Corporation as authorized by the Plan Sponsor in accordance with the model management agreement executed by the Plan Sponsor and their independent adviser with ETFMS. Mid Atlantic then pays these fees to ETFMS.

For clients accessing our Models through ManagerxChange platform, fees are paid from client accounts on either a monthly or a quarterly basis, in advance for services provided for the upcoming quarter. Adjustments for new accounts or accounts closed during a given quarter will be made on a prorated basis.

(c) Model management/license fees. Model management/licensing fees earned by ETFMS are typically based upon assets the licensing adviser places in the models. ETF Model Solutions™ may be compensated directly by the Adviser, or these fees may be withdrawn directly from the client's accounts with client's written authorization according to their management agreement with adviser, the Platform Sponsor on a monthly or quarterly basis.

C. Clients Are Responsible for Third Party Fees

All clients of My Robo Adviser™ and ETF Model Solutions™ are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, underlying exchange traded fund and mutual fund fees, transaction fees, or other fees related with their account at the Custodian. In addition, Plan clients are responsible for fees assessed by service providers to the Plan, such as third-party administrators (TPAs), record keepers, advisors, or consultants. These fees are separate and distinct from the fees and expenses charged by ETFMS. In addition, ETFs, mutual funds and other funds held within the models will assess management fees and expenses. ETF Model Solutions™ does not share in any revenues or fees charged by custodians, funds or unaffiliated entities. Please see Item 12 of this brochure regarding broker/custodian.

(a) My Robo Adviser™. Clients participating in the My Robo Adviser™ service are responsible for sub advisory and custodial fees charged by Betterment. ETF Model Solutions™ does not have the ability to influence Betterment’s fee schedule.

(b/c) Managed Models/Model Licensing. Client accounts in ETF Model Solutions' models or managed portfolios that are provided on either discretionary or non-discretionary basis may be subject to various other third-party fees, which may include (a) advisory fees charged by their investment advisor (b) broker-dealer platform fees (c) platform sponsor or model unitization fees, (d) custody, and/or (e) trading fees, which may be asset or transaction based. Retirement plans such as 401(k) Plan accounts may be subject to additional fees, including Third Party Administration (TPA) or record keeping fees. Clients should read their proposal or investment management agreement provided in their account-opening documents for an itemized list of the fees that apply to their specific accounts. Clients that participate in ETFMS model portfolios through their 401(k) or other retirement plans should review disclosure documents that contain detailed fee and expense information as required under the Employee Retirement Income Security Act. In addition, ETFs, mutual funds and other funds held within the models will assess management fees and expenses. ETF Model Solutions™ does not share in any revenues or fees charged by custodians, funds or unaffiliated entities. Please see Item 12 of this brochure regarding broker/custodian.

ETF Model Solutions™ does not control nor can influence the various fees assessed by each respective platform sponsor, broker-dealer platform, custodians or other service providers that may be affiliated with delivering its model solutions to the client.

ETF Model Solutions™ may compensate 3rd party service providers assisting us in creating, managing, or making available its Managed ETF Model program. ETFMS compensates Qterra Capital Management, Inc., an asset-based licensing fee for services provided with respect to the assistance in the creation and ongoing management of the Endowment-Dynamic ETF Model. Mid Atlantic Capital Group assesses ETFMS a platform fee based on client assets through the ManagerxChange platform.

D. Prepayment of Fees

ETF Model Solutions™ may collect fees in advance.

For all asset-based fees paid in advance, adjustments for new accounts or accounts closed during a given quarter will be made on a prorated basis. The fee refunded will be the balance of the fees collected in advance minus the daily rate* times the number of days in the billing period up to and including the day of termination. (*The daily rate is calculated by dividing the annual asset-based fee by 365.) These calculations are calculated and refunded through the operational process of the platform sponsors.

E. Outside Compensation for the Sale of Securities to Clients

Neither ETFMS nor its supervised persons accept any third-party compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6: Performance-Based Fees and Side-By-Side Management

ETF Model Solutions™ does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

ETF Model Solutions™ generally provides advisory services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Pension and Profit Sharing Plans
- Endowments and Foundations
- 401(k) Retirement Plans

Minimum Account Size

My Robo Adviser™ does not currently assess an account minimum.

While ETFMS does not establish set minimums for any of its services, certain models may contain mutual funds that require a minimum investment. Therefore, to the extent that an investment may have an investment minimum, any accounts that invest in an allocation containing that fund would require a minimum investment. Certain platform sponsors, brokerage/custody firms may establish account minimums, or account fee minimums to which any client accounts would be required to meet. ETF Model Solutions™ does not have control over these service providers' policies.

Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss

A. Methods of Analysis and Investment Strategies

Methods of Analysis Utilized

ETF Model Solutions' methods of analysis include charting analysis, fundamental analysis, technical analysis, cyclical analysis, quantitative analysis and modern portfolio theory.

Charting analysis involves the use of patterns in performance charts. ETF Model Solutions™ uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Technical analysis involves the analysis of past market data; primarily price and volume.

Cyclical analysis involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

Quantitative analysis deals with measurable factors as distinguished from qualitative considerations, such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

Modern portfolio theory is a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets.

Investment Strategies Utilized

Strategic Asset Allocation. ETF Model Solutions™ primarily implements a long-term strategic asset allocation investing process for its model strategies. Within its models, the firm implements a core-satellite approach to invest in various asset classes. In this approach, the primary, or core segment of the portfolio is invested in broadly-diversified, market-cap weighted, low-cost index-based exchange traded funds. Additional, actively-managed and/or alternative indexing strategies may selectively be integrated to the portfolio as satellites to improve portfolio return or risk-adjusted return profile.

Indexing/Passive Investing. As part of the firm's asset allocation strategies, ETF Model Solutions™ may implement an indexing or passive investment strategy based upon the Firm's proprietary Endowment Index™ calculated by NASDAQ OMX® or some other index. Index investing seeks to reduce investment management and trading costs by targeting the weights of a portfolio to match that of an index. The Endowment Index™ seeks to track the performance of an average university endowment portfolio using ETFs, which represent the various asset classes in the portfolio.

Alternative Investing. As part of the firm's asset allocation strategies, alternative investment asset classes may be included in some model portfolios. ETF Model Solutions™ uses liquid alternatives such as mutual funds, exchange traded funds & notes, and business development companies and not private placements for alternative allocations in our model strategies. Alternative assets may offer lower correlation to traditional investments, meaning that when equities decline, an alternative investment might increase in value, or at least decline less than equities. ETF Model Solutions™ defines alternative assets are any investment that does not involve traditional long-only equity or fixed income securities, and may involve real assets such as precious metals, commodities, Real Estate Investment Trusts (REITs), private placements (equity), or hedge strategies. ETF Model Solutions™ does not invest in alternative investments through partnerships. Rather, the firm's alternative asset allocation investments involve liquid alternative investments. Liquid alternatives are registered securities that either trade on a U.S.-based exchange or offer daily liquidity. Examples of liquid alternative investments are exchange-traded funds (ETFs), exchange-traded notes (ETNs), open end mutual funds, closed end mutual funds, and business development companies (BDCs).

Tactical/Dynamic Asset Allocation. ETF Model Solutions™ offers dynamic and/or tactical models to clients, or we may make tactical adjustments to its strategic portfolios. These adjustments may include overweighting or underweighting an asset class depending upon a quantitative model and/or the Firm's viewpoint of the markets or involve market timing.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

Methods of Analysis Risks

Charting analysis strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be assuming that past performance will be indicative of future performance. This may not be the case.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles these investors are trying to exploit.

Quantitative Model Risk: Investment strategies using quantitative models may perform differently than expected because of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

Modern Portfolio Theory assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

Investment Strategies Risks

Asset allocation involves incorporating asset classes with varying risk and return profiles to build a diversified portfolio with the long-term goal of generating a desired level of return for specific levels of risk. Asset allocation is a long-term investing strategy that does not involve active trading. Asset allocation and diversification do not assure a profit, or protect against loss in a declining market.

Long-term investing is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Alternative investments possess risks that may be greater than the risks of traditional investments. The underlying investments contained within liquid alternatives securities may involve market risk, conflict of interest risk, higher fees, liquidity risk, less regulation, default risk, counter party risk, leverage risk, interest rate risk, manager risk, diversification risk, and foreign exchange risk. Alternative investments may be more volatile than traditional investments such as stocks and bonds.

Tactical/Dynamic Asset Allocation may involve market timing risk, increased trading and investing costs or other factors that can reduce returns. Dynamic and Tactical Asset allocation strategies do not ensure a profit nor prevent against losses in a declining market.

Short term trading risks include liquidity, economic stability and inflation, in addition to the long-term trading risks listed above. Frequent trading, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. ETF Model Solutions™ does not typically engage in short-term trading, but we may include within our models funds that implement short-term trading strategies.

Short sales entail the possibility of infinite loss. An increase in the applicable securities' prices will result in a loss and, over time, the market has historically trended upward. ETF Model Solutions™ does not engage in short-sales, but may include in our models funds that implement short-selling strategies.

Options writing or trading involves a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value and the possibility of leveraged loss of trading capital due to the leveraged nature of stock options. ETF Model Solutions™ does not typically engage in options and other derivatives transactions (such as **Futures Contracts**), but may include in our models funds that implement such strategies.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

ETF Model Solutions' makes direct investments in funds (such as mutual funds or ETFs) that invest in a broad array of asset classes or otherwise implement various investment strategies. The risks of each fund can be directly related to the risks of the underlying securities held within the fund or strategies deployed by the fund manager. Funds that invest in or implement alternative investments, including, but not limited to hedge fund strategies, private equity or issuers of private equity, commodities or futures strategies, or engage in short sales and options trading (including covered options, uncovered options, or spreading strategies) generally hold greater risk of capital loss.

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency, may fluctuate in value, involve risk of loss and, at any given point in time, could be valued at more or less than the original investment.

Mutual Funds. Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned below). The per-share net asset value (NAV) of a mutual fund is calculated at the end of each business day although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings.

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry market conditions and general economic environments. Investing in equities carries the risk of capital loss and thus you may lose money investing in equity securities.

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary and include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile, and fixed income securities carry interest rate risk. As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities. Fixed income securities also carry inflation risk, liquidity risk, call risk and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing. Exchange-traded funds and mutual funds holding fixed income securities will fluctuate in value and at any given point in time can be worth more or less than the initial investment.

Exchange Traded Funds (ETFs). Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Generally, ETF shares trade at or near their most recent net asset value ("NAV"). However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). All ETFs contain costs that lower investment returns. The price of Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal) may be negatively impacted by several factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

Exchange Traded Notes (ETNs). ETNs are a type of debt security that trade on exchanges and seek a return linked to a market index or other benchmark. Unlike ETFs, ETNs do not buy or hold assets to replicate or approximate the performance of the underlying index. The return on an ETN generally depends on price changes if the ETN is sold prior to maturity (as with stocks or ETFs)—or on the payment, if any, of a distribution if the ETN is held to maturity (as with some other structured products). An ETN's indicative value is computed by the issuer and is distinct from an

ETN's market price, which is the price at which an ETN trades in the secondary market. Investors should understand that an ETN's market price can deviate, sometimes significantly, from its indicative value. ETNs are unsecured debt obligation of the issuer.

Closed End Funds (CEFs) are subject to market volatility and the risks of their underlying securities which might include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments. Investment return will vary and an investor's shares, when sold, may be worth less than their original cost. CEFs with complex or specialized investment strategies may experience increased market price volatility. The market price of a CEF may be significantly different than its NAV (a premium or a discount). CEFs frequently trade at a discount to NAV and there is no assurance a CEF will appreciate to its NAV.

Real Estate funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

Private equity funds carry certain risks. Capital calls will be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment. Private equity funds may include high expense ratios, can be highly illiquid, may be difficult to provide accurate pricing or valuation information to investors, and may be delayed in distributing important tax information to investors. Other risks of private equity funds include manager risk, non-diversification risk, economic risk and the risks of the underlying companies in which the private equity fund is invested.

Private placements carry a substantial risk as they are subject to less regulation than publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets. While ETF Model Solutions™ does not invest in private placements, certain funds within our managed models may actively include private placements such as private equity or venture capital investments among their holdings.

Commodities are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

Precious Metals prices can be volatile, as they are affected by various supply and demand risk factors. The discovery of new sources of ore or improvements in mining or refining processes may cause the value of a precious metal to diminish. Precious metals do not provide any interest or dividends and investors must rely on rising prices to generate a return on investment. Precious metals may face adverse tax consequences as they can be taxed as collectibles. Precious metals face increased costs over other investments, as the holdings may incur storage and insurance costs.

Master Limited Partnerships (MLPs) invest in infrastructure and corporations that own operating assets involved in energy production, transportation or storage. MLPs are partnerships that trade on a stock exchange. Unlike corporations, MLPs pass through income, gains, deductions, losses, and credits to investors annually, regardless of whether the MLP makes cash distributions. Investments in securities of MLPs involve risk that differ from investments in common stock including risks related to limited control and limited rights to vote on matters affecting the MLP. MLP common units and other equity securities can be affected by macro-economic and other factors affecting the stock market in general, expectations of interest rates, investor sentiment towards MLPs or the energy sector, as well as the risks of the underlying holdings within any MLP or MLP fund.

Hedge Funds. Hedge Funds are alternative investments that seek to derive a return other than just buying and holding equity or fixed income positions) but rather use various strategies seeking to earn active return, or alpha, for their investors. Hedge funds may be aggressively managed or make use of derivatives and leverage in both domestic and international markets with the goal of generating high returns (either in an absolute sense or over a specified market benchmark). Hedge funds may have low correlations with a traditional portfolio of stocks and bonds, and thus allocating an exposure to hedge funds may help diversify a portfolio. Hedge funds may be in the form of private placements (see private placements) or as a registered 1940 Act mutual fund. Risks of hedge funds may include high expense ratios, manager risk, liquidity risk, counterparty risk, as well as the risks of any underlying investments utilized in the strategy (such as options, futures, equities, fixed income, foreign securities, short selling, private placement risk, and others).

Business Development Companies are entities that lend to young, thinly-traded, distressed, or firms with lower credit ratings that may not be able to access capital through other sources. The holdings within a business development company may involve credit/default risk, market risk, and liquidity risk. Business development companies may assess higher fees which can eat into potential returns. Business development companies may experience higher volatility than traditional investments. In addition, the publicly-traded shares of business development companies may trade at a discount or premium to the underlying asset value of its holdings.

Options are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option writing also involves risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

Futures contracts are standardized agreements between two parties to buy or sell a specified asset (such as equities, bonds, commodities, precious metals) of standardized quantity and quality for a price agreed upon today (the futures price) with delivery and payment occurring at a specified future date, the delivery date. The contracts are negotiated at a futures exchange, which acts as an intermediary between the two parties. Futures involve risks including economic risk, market risk, commodities risk, counterparty risk. Futures investing may involve risk of loss greater than the initial investment, as futures trading often involves margin. Other risks may include economic risk, market risk, counterparty risk, political/regulatory risk. Futures markets may involve higher than normal price volatility than more traditional investments such as equities or bonds.

Liquidity Risks. While ETF Model Solutions™ considers liquidity when evaluating the merits of any investment, certain of the exchange-traded securities that the Firm may include in its managed models or portfolios may have limited liquidity, limited market depth, and above average bid-ask spreads. Accordingly, the securities that we select for our models or portfolios, may limit Betterment, or other custodians’ ability to obtain favorable execution under circumstances including, but not limited to, extreme market conditions and/or elevated trading volume originating from Clients placed in models or portfolios (either with respect to one account, or in the aggregate, across multiple accounts).

General Risk of Loss. Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. You must accept and understand that investment recommendations made by the adviser for an investment account or other financial planning advice is subject to various market, interest rate, liquidity, marketability, currency, economic, political, legal, business and/or other risks. In addition, these known and unknown risks may adversely affect investment results and/or the ability to achieve your investment objectives. We cannot offer any guarantees or promises that our recommendations will be profitable or that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There are no criminal or civil actions to report.

B. Administrative Proceedings

There are no administrative proceedings to report.

C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither ETF Model Solutions™ nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither ETF Model Solutions™ nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

ETF Model Solutions, LLC is affiliated through common control and ownership, and shares offices with, Endowment Wealth Management, Inc. ("EWM"), an investment advisory firm registered with the U.S. Securities and Exchange Commission. ETF Model Solutions, LLC and Endowment Wealth Management, Inc. share intellectual property, primarily human resources, proprietary investment management and asset allocation research data, research tools, database services, and other operational resources. Through a licensing agreement between the firms, ETF Model Solutions, LLC makes available its investment model solutions to Endowment Wealth Management, Inc. In some circumstances, the two firms may each provide services to the same client. To avoid conflicts that would otherwise generate additional revenue to either firm, either ETF Model Solutions, LLC will waive its fees, or, EWM will waive and/or reduce its fees when providing services to the same client. Otherwise, ETF Model Solutions, LLC and Endowment Wealth Management, Inc.'s services and fees are separate and distinct. ETF Model Solutions™ always acts in the best interest of the Client. Clients are in no way required to engage the services of any representative of ETF Model Solutions™ regarding such individual's activities outside of ETF Model Solutions™.

Robert Riedl is a licensed insurance agent. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. ETF Model Solutions, LLC always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement a recommendation through any representative of ETF Model Solutions™ in such individual's capacity as an insurance agent.

Prateek Mehrotra, Robert Louis Riedl, Timothy Joseph Landolt & John David Weninger are investment adviser representatives with Endowment Wealth Management, Inc., an affiliate of ETF Model Solutions™. From time to time, they may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. Endowment Wealth Management, Inc.is the adviser to one or more pooled investment vehicles, containing private equity and venture capital investments. ETF Model Solutions, LLC always acts in the best interest of the client and clients are in no way required to engage the services of any representative of ETF Model Solutions in connection with such individual's activities outside of ETF Model Solutions™.

D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections

ETF Model Solutions™ does not utilize nor select third-party investment advisers. All assets are managed by ETFMS.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests always and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. ETF Model Solutions' policy is based upon the principle that its directors, officers, owners and employees owe a fiduciary duty to clients to conduct personal securities transactions in a manner that does not interfere with client transactions or would otherwise take unfair advantage of their relationship with our clients. All our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

B. Recommendations Involving Material Financial Interests

ETF Model Solutions™, and its associated persons may own securities (such as ETFs and mutual funds) that are held in our model portfolios and/or are recommended to clients. This may be deemed a conflict of interest. ETF Model Solutions™ has adopted a Code of Ethics to address any conflicts or potential conflicts of interest. ETF Model Solutions™ restricts its associated persons from transacting in securities during any model trading periods, unless such employees have invested in the Model and account is being rebalanced along with all others in the model. ETF Model Solutions™ compliance officer reviews personal securities transactions of associated persons on a quarterly basis to ensure compliance with this policy.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of ETFMS may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of ETFMS to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. ETF Model Solutions™ will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

D. Trading Securities at/Around the Same Time as Clients' Securities

From time to time, representatives of ETFMS may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of ETFMS to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, ETFMS will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

ETF Model Solutions™ does not maintain custody of your assets that we manage or on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw advisory fees from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank.

For clients using My Robo Adviser™, we require that our clients use MTG, LLC dba Betterment Securities ("Betterment Securities"), a registered broker- dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Betterment Securities. Betterment Securities will hold your assets in a brokerage account and buy and sell securities when we and/or you instruct them to. To become a client of our My Robo Adviser, clients are required to open an account with Betterment Securities by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Betterment Securities, then we cannot manage your account on the Betterment for Advisors platform (defined below).

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including:

- Capability to execute, clear, and settle trades (buy and sell securities for your account) itself or to facilitate such services.
- Capability to facilitate timely transfers and payments to and from accounts.
- Availability of investment research and tools that assist us in making investment decisions.
- Quality of services.
- Competitiveness of the price of those services and willingness to negotiate the prices.
- Reputation, financial strength, and stability.
- Prior service to us and our other clients.

In addition, custodians/broker-dealers will be recommended based on ETFMS' duty to seek "best execution," which is the obligation to seek to execute securities transactions for a Client on terms that are the most favorable to the Client under the circumstances. The Client will not necessarily pay the lowest commission or commission equivalent, and ETFMS may also consider the market expertise and research access provided by the payment of commissions, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers to aid in the research efforts of ETFMS. ETF Model Solutions™ will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

Item 14 for additional disclosures on other benefits we may receive resulting from our relationships with recommended custodians.

YOUR BROKERAGE AND CUSTODY COSTS AT BETTERMENT

For our clients' accounts that Betterment Securities maintains, Betterment Securities generally does not charge you separately for custody services, but is compensated as part of Betterment LLC's wrap program fee, which is a percentage of the dollar amount of assets in the account in lieu of commissions. We have determined that having Betterment Securities execute trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians").

1) Research and Other Soft-Dollar Benefits

ETF Model Solutions' only source of revenue is from the advisory fees paid to us by our clients. ETF Model Solutions™ does not accept soft dollar payments, nor do we maintain any agreement that compensate us for doing business with any other entity. However, certain platforms and service providers with which we have partnered to serve our client accounts make available to us certain services, as outlined below.

SERVICES AVAILABLE TO US VIA BETTERMENT FOR ADVISORS

Betterment Securities serves as broker dealer to Betterment LLC's Betterment for Advisors services, an investment and advice platform serving independent investment advisory firms like ETF Model Solutions, LLC. Betterment for Advisors also makes available various support services which may not be available to Betterment's retail customers. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Betterment for Advisors' support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Betterment LLC's' support services:

1. SERVICES THAT BENEFIT YOU. Betterment for Advisors includes access to a range of investment products, execution of securities transactions, and custody of client assets through Betterment Securities. Betterment Securities' services described in this paragraph generally benefit you and your account.

2. SERVICES THAT MAY NOT DIRECTLY BENEFIT YOU. Betterment for Advisors also makes available to us other products and services that benefit us, but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts, such as software and technology that may:
   - Assist with back-office functions, recordkeeping, and client reporting of our clients' accounts.
   - Provide access to client account data (such as duplicate trade confirmations and account statements).
   - Provide pricing and other market data.

3. SERVICES THAT GENERALLY BENEFIT ONLY US. By using Betterment for Advisors, we will be offered other services intended to help us manage and further develop our business enterprise. These services may include:

   - Educational conferences and events.
   - Consulting on technology, compliance, legal, and business needs.
   - Publications and conferences on practice management and business succession.
   - Betterment for Advisors assisted in the development of the My Robo Adviser™ website portal to which you access our services.

   OUR INTEREST IN BETTERMENT SECURITIES' SERVICES

   The availability of these services from Betterment for Advisors benefits us because we do not have to produce or purchase them. In addition, we don't have to pay for Betterment Securities' services. These services may be contingent upon us committing a certain amount of business to Betterment Securities in assets in custody. We may have an incentive to recommend that you maintain your account with Betterment Securities, based on our interest in receiving Betterment for Advisors and Betterment Securities' services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Betterment Securities as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Betterment Securities' services (see "How we select brokers/custodians") and not Betterment for Advisors and Betterment Securities' services that benefit only us.

See item 14 for additional economic benefits provided to us by Custodians.

2) Brokerage for Client Referrals

ETF Model Solutions™ receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3) Clients Directing Which Broker/Dealer/Custodian to Use

We do not allow directed brokerage.

(a) My Robo Adviser™. We require the use of Betterment Securities as custodian for My Robo Adviser™ accounts.

(b) Managed ETF Models. Custody options available to clients are limited to the authorized custodians made available through the respective Separately Managed Account, Turnkey Asset Management Platforms or wrap fee programs upon which ETFMS' models are available. For example, clients accessing our models through the ModelxChange or ManagerxChange, platforms are required to custody at Mid Atlantic Trust Company.

(c) Model licensing. Turnkey asset management platforms or advisory firms licensing the models are responsible for negotiating custody agreements and terms with various custodians.

B. Aggregating (Block) Trading for Multiple Client Accounts

ETF Model Solutions™ does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. However, our platform partners, custodians and/or brokerage firms where clients' custody their accounts may aggregate block trades for multiple client accounts.

Item 13: Reviews of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

My Robo Adviser™. ETF Model Solutions™ oversees My Robo Adviser™ accounts, which are sub advised by Betterment for Advisors. Betterment for Advisors' program automatically reviews client accounts relative to Client goals and the recommended allocation and notifies clients upon login whether their account is on or off track to reach their stated goal(s). ETF Model Solutions™ will generally rely upon the algorithmic reviews to maintain client accounts and make subsequent client recommendations. ETF Model Solutions™ will periodically review the Program allocations and client accounts to ensure that the Program is operating as intended, and that accounts are allocated appropriately according to the Client goals.

Investment management, model management, model licensing. In addition to ongoing model and portfolio management review and monitoring, all other ETFMS' asset allocation models and portfolio management/client accounts, including those managed through ManagerxChange and ModelxChange are reviewed on a quarterly basis by members of the Firm's Investment Committee with respect that the investment models are allocated consistent with the firm's strategic investment outlook and that client accounts are allocated consistent with their respective risk profile, goals, or investment policy statements, if applicable.

B. Factors That May Trigger a Non-Periodic Review of Client Accounts

Portfolio Management reviews may be triggered by material market, economic or political events, or by changes in clients' financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client may have access to a daily report that details the client's account including assets held and asset value. These reports are provided by the custodian that holds the client's assets. These reports will be generated by the custodian and are typically available through credentialed access through the custodian's online website.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients

No direct link exists between ETFMS and the investment vehicles or other service providers that we recommend to you. We do not receive compensation from any source other than our clients. However, we may receive some direct or indirect benefits from investment providers, mutual fund or exchange-traded fund management or distributor groups, custodians, or platform providers. Such support includes services and products, certain of which assist ETFMS in its research and ongoing management of its models. Examples of benefits include: discounted or gratis attendance at educational conferences, seminars, or other educational and/or social events, which may include lunch or dinner, or reimbursement in connection to educational, marketing or product information meetings. We may also be granted access to specialized, non-public, "financial advisor" web sites, which may contain additional academic research, practice management articles, newsletters, educational video presentations, software, and investment returns data.

Certain of these support services and/or products we receive may assist in managing and/or servicing our models. Others do not directly provide such assistance, but rather assist us to manage and further our enterprise. Such attendance and gratuities may be interpreted as a conflict of interest as they provide an economic benefit to us. ETF Model Solutions' policies and procedures seek to mitigate this conflict by prohibiting its personnel from accepting items of material value, or other inappropriate gifts, favors, entertainment, special accommodations, or other items of material value that could influence their decision-making or make them feel beholden to a person or firm. We believe that these benefits are minimal and do not compromise our advice provided to our clients. Neither ETFMS nor any of its affiliates pay more for investment transactions effected or assets maintained at any custodian because of these arrangements. ETF Model Solutions™ is under no obligation to use any service or product or invest any specific amount or percentage in any specific investment, nor will we ever recommend an investment, product or service based upon the receipt of such benefits.

ETF Model Solutions™ receives a non-economic benefit from Betterment for Advisors and Betterment Securities in the form of the support products and services it makes available to us for our clients maintain their accounts at Betterment Securities. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices). The availability to us of Betterment for Advisors and Betterment Securities' products and services is not based on us giving investment advice, such as buying specific securities for our clients.

B. Compensation to Non – Advisory Personnel for Client Referrals

ETF Model Solutions™ may enter into written arrangements with third parties to act as wholesalers and/or solicitors for the Adviser's investment management services. To receive a cash referral fee from our Firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to ETFMS by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. For clients referred to ETFMS by a Solicitor, the Solicitor that referred you to ETFMS will receive either: (1) a percentage of the advisory fees paid to ETFMS by the client for as long as that client is advised by ETFMS, or until our agreement with the Solicitor expires, or, (2) a one-time, flat referral fee upon the client signing an advisory agreement with ETFMS. Clients will not pay additional fees because of any referral arrangement. Referral fees paid to a Solicitor are contingent upon the prospective client entering into an advisory agreement with ETFMS. Therefore, a Solicitor has a financial incentive to recommend ETFMS to prospective clients for advisory services. This creates a conflict of interest; however, you as a prospective client are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

ETF Model Solutions' agreements limit wholesaler and solicitor activities to marketing and educational functions. Solicitors are not authorized to and may not provide investment advisory services during their activities on behalf of ETFMS.

Item 15: Custody

ETF Model Solutions™ does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the client's custodian. Clients will receive account statements from the custodian and should carefully review those statements.

(a) My Robo Adviser™. Under government regulations, ETFMS is deemed to have custody of client assets if, for example, they authorize ETFMS to instruct Betterment Securities to deduct advisory fees directly from their account. Betterment Securities maintains actual custody of client assets. Client statements will be available for review on the activity section of the Betterment Institutional account portal. Clients will also receive account statements directly from Betterment Securities at least quarterly. Statements can be accessed by logging in to their account on the client login tab at www.MyRoboAdviser.com. Clients should carefully review those statements promptly.

(b) Clients that custody at Mid Atlantic Trust Company. Under government regulations, we are deemed to have custody of client assets if, for example, the client authorizes ETFMSs to instruct Mid Atlantic Trust Company to deduct our advisory fees directly from the client account. Mid Atlantic Trust Company maintains actual custody of client assets. Mid Atlantic Trust Company provides monthly and quarterly statements, which are available for review on the activity section of the ModelxChange portal or, for retirement Plan Sponsors, a portal provided by the Plan's Third-Party Administrator (TPA). Clients should carefully review those statements promptly.

Platform sponsors negotiate custody and trading arrangements with brokerage firms that custody the separate and unified managed accounts. ETF Model Solutions™ does not control or maintain influence as to which custodians are available at any platform.

Item 16: Investment Discretion

(a) ETF Model Solutions™ maintains discretion over My Robo Adviser™ accounts, to accounts which are managed according to our models on Separately Managed Account Platforms (including Mid Atlantic's ModelxChange and ManagerxChange platforms) to the extent that these accounts will be allocated according to each model's respective target allocation and that our model changes and rebalance instructions trigger transactions to bring your account into alignment with our intended target allocations.

Item 17: Voting Client Securities (Proxy Voting)

Unless otherwise agreed upon, ETFMS will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. In some instances, platform sponsors and/or custodians may offer proxy voting services for securities held in client accounts. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

A. Balance Sheet

ETF Model Solutions™ neither requires nor solicits prepayment of more than $1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither ETFMS nor its management has any financial condition that is likely to reasonably impair ETFMS' ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

ETF Model Solutions, LLC has not been the subject of a bankruptcy petition in the last ten years.