



Organizational Summary

August 2, 2021

Investment Products: Not FDIC Insured - No Bank Guarantee - May Lose Value.

Axos Advisor Services is a trade name of Axos Clearing LLC. Axos Clearing LLC provides back-office services for registered investment advisers. Neither Axos Advisor Services nor Axos Clearing LLC provides investment advice or make investment recommendations in any capacity.

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Company Overview

Axos Advisor Services organization

Axos Advisor Services is a joint service offering from Axos Clearing, a subsidiary of Axos Financial (NYSE: AX), and Axos Bank. Axos Financial is a digital-first financial services company listed on the NYSE, with a market cap of approximately \$3 billion. Axos Bank, the digital consumer and commercial bank, and Axos Clearing, the securities clearing and custody firm, are the two primary businesses Axos operates on a nationwide basis. Axos Clearing and Axos Bank are subsidiaries of Axos Financial.

About Axos Clearing LLC

Axos Clearing provides order execution, clearing, and custody services for a wide range of investment vehicles including equities, mutual funds, ETFs, and fixed income securities. It also supports prime brokerage, foreign multicurrency trading, and sophisticated options strategies. Axos Clearing has approximately \$18 billion in AUC, including approximately \$800 million of sweep deposits, for roughly 111,000 investor accounts. Axos Clearing is headquartered in Omaha, Nebraska with an office in New Jersey. Axos Advisor Services will be a trade name under Axos Clearing LLC for the firm's RIA business.

About Axos Financial

Axos Financial, Inc. is the holding company for Axos Bank, a nationwide bank that provides financing for single and multifamily residential properties, small-to-medium size businesses in target sectors, and selected specialty finance receivables. With nearly \$15 billion in assets, Axos Bank provides consumer and business banking products through its low-cost distribution channels and affinity partners. Axos Bank has been one of the most profitable banks in the industry from a ROE perspective, generating ROE of 16+% and nearly \$200 million of annual net income. Axos Financial, Inc.'s common stock is listed on the NYSE under the symbol "AX" and is a component of the Russell 2000® Index and the S&P 600® Index. For more information about Axos Financial, Inc., please visit www.axosfinancial.com.

Liberty: The custody platform from Axos Advisor Services

Axos Advisor Services provides a technology, custody, and service platform called Liberty. The Liberty platform has an inviting, user-friendly interface that makes it easy for advisors and their clients to access account information, including positions, performance, and pending account activity. This online portal is optimized for

smartphones and other mobile devices, so advisors and their clients can access account information securely from anywhere in the world. The Liberty platform supports RIA business operations, including the ability to:

- Streamline and automate client account opening
- Select from a variety of investment choices including mutual funds, exchange-traded funds (ETFs), stocks, and bonds
- Manage and trade investment portfolios with a sophisticated unified management account (UMA) system
- Outsource investment management to third-party money managers using the Axos Advisor Services Money Manager Xchange (MMX) program
- Develop customized models for retirement plans and their participants using the Axos Advisor Services Retirement Solutions program
- Manage client cash demands
- Review and monitor trade summaries, account statements, and tax forms
- Manage and collect fees for advisory services
- Provide client, household, and model performance information
- Review historical snapshots of client account information

Axos Advisor Services technology is available for advisor and, as applicable, investor use, and has integrations (including data feeds and APIs) with over 50 third-party technology applications.

How Axos Advisor Services supports RIA clients

At Axos Advisor Services, we're dedicated to giving RIAs the tools they need to help reach their full potential. During the onboarding process, usually the first six to nine months, RIAs are assigned a dedicated Conversion Manager who works directly with the RIA's team to ensure a smooth transition of their business. The Conversion Manager begins by getting to know the RIA's business, including how the RIA trades and how they organize their daily business processes. Armed with this knowledge, the Conversion Manager will help the RIA make the most out of the technology, training the RIA and their team, and familiarizing the RIA with the technology platform and

procedures. During the onboarding and conversion process, the Conversion Manager will coordinate with the RIA to assist in completing (and mailing, if requested) paperwork to help ensure a smooth transition from their prior custodian.

Upon joining Axos Advisor Services, RIAs are assigned a dedicated Conversion Manager who acts as the advisor's single point of contact. The Conversion Manager will answer all of the advisor's questions and provide a quick resolution to any concerns or issues that arise. He or she will also help the RIA get up to speed with our custody platforms and customize solutions to meet the unique needs of the RIA's business. The Conversion Manager is backed by a dedicated Client Service Team who can provide additional operational support.

When the conversion is complete, a permanent Client Service Advocate will take over as the single point of contact for all of the RIA's needs. This experienced professional will collaborate with the RIA to ensure that the RIA's custodial experience is running smoothly and business needs are being met. The Client Service Advocate is backed by a dedicated Client Service Team who can provide additional operational support.

The Client Service Advocate gets to know their firms inside and out, regularly meeting with them to fully understand their needs and goals. The Client Service Advocate will work within Axos Advisor Services acting as the RIA's advocate and overseeing the day-to-day processes to ensure requests are completed and issues are resolved as quickly and thoroughly as possible. The Client Service Advocate's deep understanding of the RIA's business model allows them to update their RIAs on the latest features and services that are relevant to their business. (For additional information, please see Axos Advisor Services website at etrade.com/advisorservices and supplemental materials.)

Note that at Axos Advisor Services, we maintain non-competitive relationships with the RIAs we serve. We do not offer proprietary investment products or investments, and we do not have financial advisors. We provide private labeling for the client portal, statements, and performance reports so that advisors can build their brand, not ours.

Safeguarding assets

At Axos Advisor Services, we are committed to the principle of safety and soundness. We believe protecting investor accounts is the foundation of providing client value.

Account assets with Axos Advisor Services are held with Axos Clearing LLC, which handles the processing of transactions. Here's a closer look at how we protect investor accounts:

Account protection coverage

Account protection coverages are explained in the chart below:

	FDIC	SIPC	Lloyds of London
What it insures	Cash sweep feature	Stocks, bonds, CDs, treasury securities, mutual funds, and money market mutual funds	Stocks, bonds, CDs, treasury securities, mutual funds, and money market mutual funds
What it does not cover	Stocks, bonds, annuities, mutual funds, money market funds, municipal securities or life insurance policies	Transactions or trading losses or declines in the value of securities	Transactions or trading losses or declines in the value of securities
How much it insures	Up to \$500,000	Up to \$500,000 (including up to \$250,000 for cash balances)	Up to \$99.5 million (including up to \$1.15 million for cash balances)
Where to learn more	https://www.fdic.gov	http://www.sipc.org	http://www.lloyds.com

A strong culture of risk management

We regularly monitor our systems and controls, and work collaboratively with government agencies, law enforcement, and other financial services firms to address potential threats. In addition, we regularly review, update, and modify our policies and procedures to respond to new threats and to adapt to changes in technology.

Dedicated to privacy

At Axos Advisor Services, we are focused on data security. We invest in the latest technology to help keep account information confidential and assets secure. Clients' privacy is always a high priority. We employ comprehensive security measures to help protect clients' account information from unauthorized access and use.

Types of RIA clients

Axos Advisor Services (AAS) provides custody and technology support for RIA firms and their clients, the investors, who have accounts at AAS. The advisor population

varies from independent practices, financial planners, money managers, to turnkey asset management platform providers (TAMP) who work with hundreds or thousands of solicitors and/or advisors. TAMP RIAs represent thousands of investment advisor representatives (IARs), with over 6,000 IARs accessing Axos Advisor Services products and services on a frequent basis (as of 12/31/20). At Axos Advisor Services, we understand the needs of investors and offer technology and services designed to improve their investment experience. Axos Advisor Services protects client information with several layers of advanced technology designed to help safeguard assets and protect the integrity of our end-to-end security.

Programs

Enterprise Risk Management Program

We work to protect the assets we hold in custody and are committed to the ongoing safety of client accounts and the soundness of our firm. This effort includes a comprehensive enterprise risk management program designed to protect the integrity of our systems, respond to any potential threats in a timely manner, and adapt responsively to relevant changes in technology. The program is reviewed and approved at least annually and elements are updated more often if needed.

Anti-Money Laundering Program

Axos Advisor Services has a formal Anti-Money Laundering (AML) program which is independently tested annually, as well as reviewed regularly through regulatory examinations.

Information Security Program

Axos Advisor Services has an information security policy in place, which is reviewed and approved annually. Axos Advisor Services is ISO 27001 certified showing that the program is independently tested and meets the ISO information security standards.

Business Continuity Program

Axos Advisor Services has a business continuity program (BCP) including a disaster recovery (DR) program which is annually reviewed and tested. The business continuity program addresses redundancy of the core processing systems, personnel, facilities, critical technologies, telecommunications/networks, and physical security as well as other items for a variety of BCP scenarios.

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