



8180 Greensboro Drive, 8<sup>th</sup> Floor  
McLean, Virginia 22102

December 3, 2020

Dear Investor,

Since 2000, Folio Investments, Inc. (“Folio”) has been a leader in online brokerage and was created to build better investors through its enduring and proven investment philosophy of diversification, low cost, client customization, consistent investing and tax minimization. We thank you for allowing us to be part of your financial journey.

At this time, we’ve decided to focus on our core business of supporting investment advisors with technology, custodial, brokerage and other services. This means we will no longer provide our services to self-directed investors. However, we have reached an agreement with Interactive Brokers LLC (“Interactive Brokers” or “IBKR”) [www.interactivebrokers.com/folio](http://www.interactivebrokers.com/folio) to transfer your account to them, unless you opt out of the transfer as described below.

Interactive Brokers will provide you with features and products not currently available through Folio, such as the ability to trade options and access international securities markets. Like us, Interactive Brokers is a member of FINRA and SIPC. More information about Interactive Brokers can be found on its website or on FINRA’s [BrokerCheck](#) portal.

**Your new Interactive Brokers account(s) will be ready for you to use on Thursday, January 14, 2021, unless you opt out of the transfer. You can opt out of the transfer by contacting us by phone or email no later than January 8, 2021 – see the Opt Out notice and FAQs below for more detail and a telephone number and email address where you can contact us to opt out.**

**You also can opt out of the transfer by taking the following actions by January 8, 2021: (i) selling your securities and withdrawing your cash or (ii) transferring your account(s) to another broker-dealer. Please note: You are not required to call or email us prior to selling your securities and withdrawing your cash or transferring your account(s) to another broker-dealer.**

**You can continue to use your Folio account(s) through the end of the day on Wednesday, January 13, 2021.**

To welcome you and assist you in accessing your new account, Interactive Brokers will provide additional information by email and via a dedicated page on its website for Folio clients ([www.interactivebrokers.com/folio](http://www.interactivebrokers.com/folio)). There you will be able to find more information about this transition and Interactive Brokers’ fees, products and software, as well as the steps you can take to prepare for this transfer.

Securities brokerage, custody and clearing services are offered by Folio Investments, Inc., a Goldman Sachs Company.  
Folio Investments, Inc. is a registered broker-dealer and member FINRA/SIPC.

## **ADDITIONAL INFORMATION**

**FOLIO WAIVING AND REFUNDING FEES:** We are waiving and refunding certain fees. If you participate in our annual billing plan, we will issue a pro-rated refund as of the date of this letter based on the number of days remaining in your current annual plan. If you participate in the monthly billing plan, you will no longer be billed after the date of this letter. In addition, if you have an IRA account with us, Folio is waiving its 2020 and 2021 Annual IRA Custodial Fee of \$25.

**NEW ACCOUNT ACCESS:** Once your accounts have been set up at Interactive Brokers you will receive an email from them with instructions on how to log in to your new Interactive Brokers account(s). After you receive this email, just visit the Interactive Brokers website to create a password and log in to your account(s). You can reach the Interactive Brokers support team toll free within the U.S. at 1-833-981-4691 or direct at 1-872-249-4691. These contact numbers are also available on IBKR's dedicated Folio webpage.

**FOLIOS:** A unique feature of Folio was that we provided investors the ability to create virtual baskets, known as "folios", that allowed you to separately track and rebalance subsets of securities in an account. While your securities and cash will transfer to Interactive Brokers and you will be able to trade them through the account, Interactive Brokers does not currently offer self-directed investors a similar feature that would allow you to maintain or create these virtual baskets. This also means you will not be able to organize your securities into any of our pre-made investment portfolios of stocks and ETFs, known as Ready-to-Go Folios (or RTGs). Your securities will be in your account and you can review them at any time by logging into your account. Interactive Brokers expects to offer a similar "folio" feature in Q1 2021. Please note that certain mutual funds may not be available at Interactive Brokers. A list of mutual funds available at Folio that are not currently available at Interactive Brokers will be posted to our website.

**MONTHLY ACCOUNT STATEMENTS & TAX REPORTING:** For January 2021, you will receive your regular account statement(s) from us, as well as new account statement(s) from Interactive Brokers. Regarding 2020 tax reporting, you will receive applicable tax reporting documents from us. For activity in 2021, you will receive applicable tax reporting documents from us and from Interactive Brokers. The tax reporting documents from us will cover your activity that occurs on our platform before the conversion date. Interactive Brokers will provide the tax reporting documents for any activity on their platform after the conversion date. Additionally, we will provide your 2020 and 2021 tax reporting to Interactive Brokers to post to its platform for you to access. Tax forms for previous years will be available on the Folio sites until July 31, 2021.

**ADDITIONAL FAQ'S:** The end of this letter contains a section with Frequently Asked Questions. We plan to put this letter and additional FAQs on our sites. You also can contact us at 1 (888) 973-7890 or by email at [optout@folioinvesting.com](mailto:optout@folioinvesting.com) for additional information, including how you can

Securities brokerage, custody and clearing services are offered by Folio Investments, Inc., a Goldman Sachs Company. Folio Investments, Inc. is a registered broker-dealer and member FINRA/SIPC.

opt out of the transfer. Additionally, you can visit Interactive Brokers' dedicated website for additional information at [interactivebrokers.com/folio](https://interactivebrokers.com/folio).

### **INTERACTIVE BROKERS FEATURES AND PRICING:**

Interactive Brokers offers its customers two platforms: IBKR Lite and IBKR Pro. The IBKR Lite platform is geared towards individual investors interested in commission-free trading of US stocks and ETFs. The IBKR Pro Platform is geared towards active sophisticated investors. [See the Interactive Brokers site for all of the details.](#)

Individual investors (including joint accounts) with less than \$25,000 of assets in their accounts at the time of transfer will be set up on the IBKR Lite platform.

#### **IBKR Lite offers:**

- commission-free trades on US stocks during trading hours (including fractional trading),
- low commission rates on other securities,
- the ability to trade from a desktop using its Trader Workstation program, through its web-based Client Portal or the IBKR mobile app,
- access to the Stock Yield Enhancement Program in which you can earn additional income by lending out your fully paid for stock, and
- the ability to upgrade to the IBKR Pro plan online at any time and at no cost.

Individual investors (including joint accounts) with \$25,000 or more at the time of the account transfer will be set up on IBKR Pro with the first year of monthly maintenance fees waived. You have the ability to change to the IBKR LITE plan (or to the IBKR Pro plan) online at no cost.

Corporate and other entity type accounts (e.g., trusts), regardless of account balance, will be set up on the IBKR Pro platform which has a \$10 monthly activity fee which can be offset by commissions or waived if the account balance exceeds \$100,000. (IBKR Lite is only available for individuals).

#### **IBKR Pro offers:**

- the ability to trade from a desktop using its Trader Workstation program, through its web-based Client Portal or the IBKR mobile app,
- Interactive Brokers' SmartRouting<sup>SM</sup> technology and its price improvement<sup>SM</sup> technology,
- low tiered and fixed rate commissions,
- low margin rates, and
- access to the Stock Yield Enhancement Program in which you can earn additional income by lending out your fully paid for stock.

Securities brokerage, custody and clearing services are offered by Folio Investments, Inc., a Goldman Sachs Company. Folio Investments, Inc. is a registered broker-dealer and member FINRA/SIPC.

**OPT-OUT NOTICE:** If you do not wish for your account(s) to be transferred to Interactive Brokers, you can contact us by phone or email no later than **January 8, 2021**. You can contact us at 1 (888) 973-7890 or by email at [optout@folioinvesting.com](mailto:optout@folioinvesting.com).

You also can opt out by taking the following actions by **January 8, 2021**: (i) selling your securities and withdrawing your cash, or (ii) transferring your account(s) to another broker-dealer (Folio account transfer fees are waived.). **Please note: You are not required to call or email us prior to selling your securities and withdrawing your cash or transferring your account to another broker-dealer.**

If you do not take the actions described above by **January 8, 2021**, your account will be transferred to Interactive Brokers. **There is no charge for the transfer to Interactive Brokers.** (If you decide to leave Interactive Brokers after the transfer, you will incur a transfer fee.)

If you notify us by **January 8, 2021** that you will transfer your account(s) to a broker-dealer other than Interactive Brokers, but do not take the steps necessary to effectuate the transfer (e.g., complete transfer paperwork at your new broker-dealer), your account(s) will not be transferred to Interactive Brokers. However, if you do not complete your transfer to another broker-dealer by **January 29, 2021**, your account(s) will be restricted to sell transactions only and you will be charged a transfer fee of \$100 per account when you transfer your account(s) to another firm. Similarly, if you notify us by **January 8, 2021** that you will be selling your securities and withdrawing your funds, but do not take such actions by **January 29, 2021**, your account will be restricted to sell transactions only. See the FAQs below for more detail.

**PRIVACY NOTICE:** Your privacy and the confidentiality of your information are important and protected by law. Both we and Interactive Brokers will comply with the requirements of SEC Regulation S-P concerning the privacy of consumer financial information, to the extent applicable. So that Interactive Brokers can set up your new account(s), we will provide them with your account information, including bank account information and email addresses you have provided us. Interactive Brokers understands the importance of online privacy and maintains physical, electronic, and procedural safeguards in keeping with securities industry standards and practices to protect your personal and financial information. You can review the Interactive Brokers Privacy Policy online (<https://www.ibkr.com/privacy>). If, for any reason, your account is not transferred to Interactive Brokers, Interactive Brokers will not retain your bank account information or other information, except as required by applicable law, regulation or Interactive Brokers data retention policies. At the end of this communication is additional information about the Interactive Brokers platform. You can also learn more at [www.interactivebrokers.com/folio](http://www.interactivebrokers.com/folio).

Securities brokerage, custody and clearing services are offered by Folio Investments, Inc., a Goldman Sachs Company. Folio Investments, Inc. is a registered broker-dealer and member FINRA/SIPC.

**CASH SWEEP and MARGIN ACCOUNTS:** Currently, your cash balances are held in our Insured Bank Deposit and Free Credit Sweep Program which pays interest as described in the Folio Customer Agreement and on our websites. Interactive Brokers also offers an insured bank deposit cash sweep program for eligible accounts. If eligible, you will be able to sign up when you log into your account and can learn more about it, including eligibility requirements, at the Interactive Brokers [website](#). Excess cash will be held with Interactive Brokers if you are not eligible for the cash sweep program or you do not elect the program. See below for the tiers and rates for the Interactive Brokers cash sweep program. If you currently maintain a margin account with us, you will need to sign up for margin through Interactive Brokers to continue using margin on the new platform.

**IRA NOTICE:** If you have an Individual Retirement Account (IRA) through us (we act as the sub-custodian for The Kingdom Trust Company (“Kingdom”)), Interactive Brokers will be the new IRA custodian for your Interactive Brokers IRA account. Upon activation of your new account, you will be required to consent to the terms and conditions of the Interactive Brokers custodial agreement applicable to your Traditional, Rollover, SEP and/or Roth IRA account.

In order to facilitate the transfer of custody services from Kingdom to Interactive Brokers, notice is hereby given that as of the end of day on **January 18, 2021**, Kingdom will resign as your IRA custodian for your Traditional, Rollover, SEP and/or Roth IRA. In connection with the move to Interactive Brokers, Kingdom has agreed (and this letter will serve as notice of the appointment) to appoint Interactive Brokers as the successor custodian for your IRA. At the time of conversion, Interactive Brokers will then amend your account with the applicable IRA Custodial Agreement. **Unless you liquidate or move your account or contact us by January 8, 2021, a new IRA will be established for you at Interactive Brokers.**

**Please note that Interactive Brokers cannot accept SIMPLE IRA accounts. Therefore, if you have a SIMPLE IRA with us, you must transfer it to another broker-dealer.**

Please be aware that your current beneficiary information will NOT transfer from your current account(s) to Interactive Brokers. After each account has transferred to Interactive Brokers, you will be able to log in to your new account at Interactive Brokers and set up your beneficiary designations on their site. If you do not designate your beneficiaries, and if there is no beneficiary designation on file at the time of your death, your IRA assets will be paid to your estate.

Securities brokerage, custody and clearing services are offered by Folio Investments, Inc., a Goldman Sachs Company. Folio Investments, Inc. is a registered broker-dealer and member FINRA/SIPC.

Until your account is transferred, you may continue to log into your account on the Folio websites. If you have any questions about this transfer, please visit our websites to review the additional information provided there.

Sincerely,  
Folio Investments, Inc. Client Service

## Frequently Asked Questions

### **Q1: What are the terms and conditions I am agreeing to if I participate in the conversion?**

A: You can view the [Interactive Brokers Customer Agreement](#) online, and details of the [Interactive Brokers Pricing Plans](#) online.

### **Q2: Can I keep my account at Folio?**

A: No. We are discontinuing our self-directed, retail platform and thus all accounts must be transferred to Interactive Brokers or another broker-dealer. You also can liquidate your account, which could have tax implications for you. Please consult your tax advisor.

### **Q3: What do I need to do if I want my account transferred to Interactive Brokers?**

A: Nothing. Your account will be automatically transferred to Interactive Brokers as noted above, at no cost to you. Please note that certain mutual funds may not be available at Interactive Brokers, which means that, as explained in detail below, if you hold these securities in your account on **January 8, 2021**, your account will not transfer to Interactive Brokers. A list of mutual funds available at Folio that are not currently available at Interactive Brokers is available on our [website](#). See also Q5 below.

### **Q4: What if I don't have any cash in my account to pay Folio brokerage charges?**

A: If your account does not have the necessary cash to cover any charges due, we will transfer your account to Interactive Brokers with a debit cash balance and that debit will be collected by Interactive Brokers.

### **Q5: Will I have access to the same securities and types of services and fees?**

A: In most instances you will have access to more types of securities (e.g., options, international stocks and bonds) than you had at Folio, but certain mutual funds may

Securities brokerage, custody and clearing services are offered by Folio Investments, Inc., a Goldman Sachs Company. Folio Investments, Inc. is a registered broker-dealer and member FINRA/SIPC.

not be available at Interactive Brokers and are not eligible for transfer. A list of mutual funds available at Folio that are not currently available at Interactive Brokers is available on our [website](#). If you own any mutual fund securities that are not eligible to transfer, and you want your account to move to Interactive Brokers, you must either transfer those securities to another broker-dealer or sell them by **January 8, 2021**. Any accounts containing these non-transferrable mutual fund positions after **January 8, 2021** will not be transferred to Interactive Brokers, even if the accounts contain other transferrable securities or cash. Of course, you can also transfer your entire account to another broker-dealer. Also, please see the Pricing and Sweep Disclosures below, or visit [www.interactivebrokers.com/folio](http://www.interactivebrokers.com/folio) for more information on the services and fees at Interactive Brokers.

**Q6: Where can I obtain additional information about Interactive Brokers?**

A: Please visit [www.interactivebrokers.com/folio](http://www.interactivebrokers.com/folio).

**Q7: How do the brokerage fees on Interactive Brokers compare?**

A: Please see the Pricing and Sweep Disclosures below and the Interactive Brokers site.

**Q8: Do I have to move my account to Interactive Brokers? Can I transfer to any other brokers?**

A: You can opt out of the transfer to Interactive Brokers as explained in the opt out section of this letter. If you choose to transfer your account(s) to a broker-dealer other than Interactive Brokers, you must contact this other broker-dealer and provide them with your account number and our name (Folio Investments, Inc., formerly known as FOLIOfn Investments, Inc.) and clearing number (#0728). Folio is waiving its account transfer fees. You also are free to sell all of the securities in your account and move the cash to your bank. However, if you have not sold all your securities and withdrawn you cash, transferred your account(s) to another firm, or contacted us to opt out by **January 8, 2021**, your account will be transferred to Interactive Brokers and you will be responsible for any Interactive Brokers charges you incur there, including any fees to transfer to another firm. If you wish to liquidate and close your account instead of transferring it, you may incur a taxable event when selling your securities holdings or moving funds out of a qualified retirement account. Please contact your tax advisor. Also note that if you transfer your account to a broker-dealer other than Interactive Brokers, we will be forced to sell all of your fractional share positions, which may result in capital gains or losses; we will transfer the cash and whole share positions.

Securities brokerage, custody and clearing services are offered by Folio Investments, Inc., a Goldman Sachs Company. Folio Investments, Inc. is a registered broker-dealer and member FINRA/SIPC.

**Q9: Can I trade fractional shares at Interactive Brokers?**

A: Yes, Interactive Brokers allows trading in fractional shares

**Q10: Will my bank link and recurring deposits or withdrawals carry over to Interactive Brokers?**

A: If your account is transferred to Interactive Brokers, then your electronic funds transfer (EFT) bank link will be carried over and set up but you will need to set up your automated recurring deposits and or withdrawals, as well as automatic recurring purchases and sales on the Interactive Brokers site.

**Special Services and Fees**

Fee	Folio Investments	IBKR
<b>Wire Transfer Out</b>  Wiring cash from Folio to another financial institution. There is no charge for incoming wires.	\$30	One free withdrawal per calendar month. Successive withdrawals are subject to the following fees: Wire - \$10; Check - \$4; ACH - \$1.
<b>Full Account Transfer Out</b>  Applied when you transfer your entire account to another brokerage firm.	\$100*	\$100
<b>Partial Account Transfer Out</b>  Applied when you transfer some of the securities (e.g., stocks) and/or cash in your account to another brokerage.	\$5 per security (\$25 min / \$75 max)	\$100

Securities brokerage, custody and clearing services are offered by Folio Investments, Inc., a Goldman Sachs Company. Folio Investments, Inc. is a registered broker-dealer and member FINRA/SIPC.



<b>Checkbooks</b> Fee applied for each booklet of checks per account.	\$7.50 for 25 checks \$12.50 for 125 checks	N/A
<b>Returned Check or Wire</b> Applied when there is a returned check or wire request due to non-sufficient funds (NSF).	\$35	\$25
<b>Returned EFT</b> Applied when there is a failed electronic funds transfer (EFT) request.	\$10	\$0
<b>Stop Payment on Check</b>	\$35	\$0
<b>Check Copy</b> (per check)	\$20	\$0
<b>Check Withdrawal—Standard Mail</b>	\$20	One free withdrawal per month. Successive withdrawals are \$4
<b>Express/Overnight Delivery</b>	Not Currently Available	Not Currently Available
<b>Paper Copies of Account Statements &amp; Confirmations</b>	\$12.50 per statement or confirmation request	\$25.00/first statement and \$5.00 for each additional statement.
<b>Broker-Assisted Services: Trade or Transfer Requests by Phone</b> You can avoid this fee by performing these actions online, without broker assistance.	\$45	\$30 plus regular commission
<b>ADR Fees</b> Certain ADRs may be subject to service fees designed to compensate the agent bank	The ADR's prospectus will provide specific	The ADR's prospectus will provide specific

Securities brokerage, custody and clearing services are offered by Folio Investments, Inc., a Goldman Sachs Company. Folio Investments, Inc. is a registered broker-dealer and member FINRA/SIPC.

performing the custodial services. The fees are charged periodically and typically range from between \$.01 to \$.03 per share.	information on applicable fees.	information on applicable fees.
<b>Voluntary Corporate Action</b> Fee applied per action when you participate in a voluntary tender offer. There is no charge for mandatory actions, such as mergers or acquisitions.	\$30	\$0 (subject to pass-through of any 3 <sup>rd</sup> party agent fees)
<b>Charge for Special Services</b> Hourly charges apply when you require services not covered by the charges above, such as research requests, location research when customer contact information is outdated, manual credit card transactions, and validation for IRA distributions when beneficiaries are not designated or there are no living designated beneficiaries. A minimum one-hour charge applies in all circumstances.	\$250/hour (\$250 min)	N/A
<b>Trading Service Fees</b> Fees to offset regulatory and transaction costs imposed on brokers relating to sell transactions in certain securities.	Adjusted periodically	Adjusted periodically
<b>Account Statement Alert Failure/Bad Email Address Fee</b> Applied when email alert regarding your monthly statement cannot be delivered. You can avoid this fee by simply updating your email address before the end of the month upon receiving a physical letter regarding delivery failure of email alert.	\$5 per occurrence	\$0
<b>IRA Custodial Fee</b> For each IRA custodial account, we will apply this fee annually, or when you close your IRA if this fee has not already been applied for the year.	\$25 per year	\$0

Securities brokerage, custody and clearing services are offered by Folio Investments, Inc., a Goldman Sachs Company. Folio Investments, Inc. is a registered broker-dealer and member FINRA/SIPC.

<b>IRA Termination Fee</b>  Fee applied to IRA and Roth IRA accounts when closed.	No Charge	\$0
<b>Residual Balance Fee</b>  Quarterly fee applied to closed accounts under closed memberships that still have a balance. This fee or the lesser of the remaining account balance will be charged quarterly.	\$15 per quarter	\$20 per month

Prices Subject to Change

\*Folio account transfer fees are waived for transfers completed no later than January 29, 2021.

See Interactive Brokers' website for the most [updated fee schedule](#).

### Interactive Brokers Cash Sweep Program

Interactive Brokers provides eligible account holders the ability to elect an FDIC cash sweep program. Additional details about eligibility and the program can be found on its website.

### Cash Sweep Comparison between Folio and Interactive Brokers

<b>Provider / Features</b>	<b>Folio</b>	<b>IBKR</b>
Investment Type	FDIC Insured Cash Sweep	FDIC Insured Bank Deposit Sweep Program
Interest Yield	Currently 0.01%*	Currently 0.0%
Insurance	Up to \$4 million per customer of FDIC insurance**	Up to \$2.5 million (\$5.0 million for joint accounts)

\*Rates are set at various cash tiers and are variable and may change at any time.

Securities brokerage, custody and clearing services are offered by Folio Investments, Inc., a Goldman Sachs Company. Folio Investments, Inc. is a registered broker-dealer and member FINRA/SIPC.

<b>Folio Tier</b>	<b>Folio Rate</b>
0 - \$24,999	0.01%
\$25,000 - \$74,999	0.01%
\$75,000 - \$99,999	0.01%
\$100,000 - \$249,999	0.01%
\$250,000 - \$499,999	0.01%
\$500,000 - \$1,999,999	0.01%
\$2,000,000+	0.01%

<b>IBKR Tiers</b>	<b>IBKR Rate</b>
\$0 - \$10,000	0.0%
> \$10,000	Fed Funds Effective (Overnight Rate) – 0.5% (Currently 0.0%)

\*\*Folio accounts automatically participate in its FDIC insured bank deposit program.

### **Interactive Brokers Margin Borrowing Program**

When you qualify, Interactive Brokers offers margin borrowing, enabling you to purchase additional eligible securities (including fractional shares of securities) without depositing additional funds, based on the securities you already have in your eligible account.

Securities brokerage, custody and clearing services are offered by Folio Investments, Inc., a Goldman Sachs Company. Folio Investments, Inc. is a registered broker-dealer and member FINRA/SIPC.

## Margin Borrowing Interest Rates

Folio Margin Tier	Folio Rate
\$0 - \$25,000	7.25%
\$25,000.01 - \$50,000	6.75%
\$50,000.01 - \$250,000	5.75%
\$250,000.01 - \$500,000	5.5%
\$500,000.01 - \$1 million	5.25%
Over \$1 million	5.00%

IBKR Margin Tier	IBKR Pro Rate <sup>1</sup>	IBKR Lite Rate
\$0 < \$100,000	1.59%	2.59%
\$100,000 < \$1,000,000	1.09%	2.59%
\$1,000,000 < \$3,000,000	0.75%	2.59%
\$3,000,000 < \$200,000,000	0.75%	2.59%
Over \$200,000,000	0.75% <sup>2</sup>	2.59%

Margin interest rates are Fed Funds Effective (Overnight Rate) plus a surcharge and were current as of the date of this letter and are subject to change at any time without notice. Visit the [Margin Borrowing](#) page on the Interactive Brokers website for up-to-date program details.

---

<sup>1</sup> A minimum floor of 0.75% will be charged on all USD margin loans.

<sup>2</sup> May be subject to a 1% surcharge applied to the spread if financing is not pre-arranged.