

Risks of Investing

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risk factors. Each of these risks may affect the probability of adverse consequences and the magnitude of any potential losses. There are no protections or insurance for those who lose money they have invested. The following risks are not comprehensive but should be considered carefully by a prospective client before using M1's services.

SELF-DIRECTED

M1 does not provide investment recommendations, nor do we give advice or offer any opinion with respect to the nature, potential value or suitability of any particular securities transaction or investment strategy. You understand that you are solely responsible for all investment decisions you make regarding the transactions made in your account. Employees of M1 Finance LLC or their affiliates will not solicit orders or make discretionary trades on behalf of clients in their accounts.

M1 cannot guarantee any level of performance or that any client will avoid a loss of assets, including a loss of more than they have invested. Any investment in securities involves the possibility of financial loss that clients should be prepared to bear.

INVESTMENT RISKS

Investments in securities, including ETFs and the assets that they in turn invest in, involve various risks, including those summarized below. In addition, each ETF has its own investment style, which may involve risks different from those described below. Clients and prospective Clients should be aware that investing in securities involves risk of loss that Clients should be prepared to bear.

MODEL PORTFOLIOS

M1 provides 'Model Portfolios' allocations for clients for use in their own portfolios or for educational purposes. M1 uses generally accepted investing principles in the creation of these templates, which are described in greater detail in the "description" section of each template. M1 makes these templates available for all customers and does not advocate for or endorse the inclusion within a client's portfolio. There is no guarantee that they will produce the desired results. In addition, there is no guarantee that a strategy based on historical information will produce the desired results in the future, and if market dynamics change, the effectiveness of the strategy may be limited. Each investment strategy runs the risk that the investment techniques will fail to produce the desired results.

M1 may use quantitative analyses and/or models. Any imperfections, limitations or inaccuracies in its analyses and/or models could affect its ability to implement strategies. By necessity, these tools make simplifying assumptions that may limit their effectiveness. Models that appear to explain prior market data can fail to predict future market events. Further, the data used in models may be inaccurate and /or it make not include the most current information available.

M1 reserves the right to modify any of the models at any time. Securities are often delisted or removed from the criteria as discussed. Any change in your portfolio as a result of a model change may result in a taxable event

The Bank Balance Sheet Replication Portfolio is NOT a replication of a bank deposit and it is NOT FDIC insured.

The information contained has been identified from publicly available information of banks or bank holding companies and does not provide a complete picture of any bank portfolio. M1 does not communicate with and is not supported or endorsed by or affiliated or associated with any bank.

Target Date or Retirement Portfolios are long-term investments for individuals with specific dates when they plan on withdrawing money from their account. These Portfolios divide assets across stock and bond ETFs. Generally, as a Target Date or Retirement Portfolio advances towards its end date, it periodically shifts asset allocations towards the more conservative—usually by lessening the percentage in stocks. While Target Date or Retirement Portfolios vary in strategy (and risk), their principal value is not guaranteed at any time.

ETF GENERAL RISKS

Investors should consider the investment objectives, risk considerations, charges and ongoing expenses of an investment in an exchange traded fund (ETF) carefully before investing. The prospectus contains this and other information relevant to an investment in an ETF. Please read the prospectus carefully before you invest or send money. To obtain a prospectus please link to the ETFs website.

There are risks involved with investing in ETFs, including possible loss of money. Index-based ETFs are not actively managed. ETFs may be subject to risks of underlying assets such as stocks, bonds, crypto, and derivatives. Index returns do not represent ETF returns, an investor cannot invest directly in an index.

ETFs in which may be held in client accounts involve certain inherent risks generally associated with investments in a portfolio of securities, including the risk that the general level of security prices may decline, thereby adversely affecting the value of each unit of the ETF. Moreover, and ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of the securities or the number of securities held. ETFs have their own fees and expenses as set forth in the ETF prospectuses.

ETFs may have exposures to derivative instruments, such as futures contracts, forward contracts, options and swaps. There is a risk that a derivative may not perform as expected. The main risk with derivatives is that some types can amplify a gain or loss, potentially earning or losing substantially more money than the actual cost of the derivative, or that the counterparty may fail to honor its contractual terms, causing a loss for the ETF. Use of these instruments may also involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk, and the risk that an ETF could not close out a position when it would be most advantageous to do so.

Inverse and leveraged ETFs, which may also be available in client accounts, are subject to significant risk and may not be suitable for all investors. Inverse ETFs are designed to mimic the opposite of the daily returns of an underlying benchmark. Leveraged ETFs are designed to deliver multiple of the daily return of an underlying benchmark. By design the risks of these ETFs may be higher than other ETF types. Both leveraged and inverse ETFs utilize derivatives to achieve their returns, as such the returns may deteriorate over time and long-term investment horizons may not be suitable for this asset type. Investors should understand the risks of these ETF classes before investing in them.

MARKET/SYSTEMATIC RISKS

Financial markets rise and fall daily. The performance of Clients Accounts are tied to these markets. When markets fall, the value of a Client's Account will fluctuate, which means a client could lose the money that they invest.

ASSET ALLOCATION/STRATEGY/DIVERSIFICATION RISKS

The asset classes in which an investment strategy seeks investment exposure can perform differently from each other at any given time, and may persist for a long-time horizon. The investment strategy will be affected by its

allocation among the various asset classes. The asset allocation decisions can result in more portfolio concentration in a certain asset class or classes, which can reduce overall return if the concentrated assets underperform. The more aggressive the investment strategy selected, the more likely the portfolio will contain larger weights in riskier asset classes. Depending on market conditions, there may be times where diversified portfolios perform worse than less diversified portfolios.

TRADING/LIQUIDTY RISKS

A particular security may be difficult to purchase or sell or may become difficult to sell after being purchased in a clients' account. Broker may be unable to sell securities on behalf of a client at an advantageous time and/or price due to then- existing trading market conditions.

EQUITY-RELATED RISKS

The prices of equity securities, and the value of the ETFs that invest in them, will rise and fall. These price movements may result from factors affecting individual companies, industries, or the securities market as a whole. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. In addition, the equity market tends to move in cycles, which may cause stock prices to fall over short or extended periods of time.

REAL ESTATE RISKS

Real estate-related investments may be adversely affected by factors affecting the real estate industry, which may include changes in interest rates and social and economic trends. Real estate investment trusts ("REITs") may also be subject to the risk of fluctuations in income from underlying real estate assets, poor performance by the REITs managers, prepayments and defaults by borrowers, adverse changes in tax laws, and with respect to U.S. REITs, their failure to qualify for the special tax treatment granted to REITs under the Internal Revenue Code of 1986 and/or to maintain exempt status under the Investment Company Act.