



Folio Institutional

THE RIGHT CUSTODIAN FOR YOUR INVESTMENTS





ABOUT FOLIO INSTITUTIONAL

Folio Institutional is a division of FOLIO*fn* Investments, Inc., the custodian your advisor has chosen to hold and support management of your investment assets.

Founded in 1999 by Steven M.H. Wallman, a former commissioner of the U.S. Securities and Exchange Commission (“SEC”), we have been a self-clearing broker-dealer and a direct member of The Depository Trust & Clearing Corporation (“DTCC”) since 2001. Today, we provide custody and brokerage services for billions of dollars of investor assets.

We provide you with direct, independent online access to view your investments, receive tax information, monitor performance, vote proxies, or take other actions not assumed by your advisor.

We are a member in good standing of the Financial Industry Regulatory Authority (“FINRA”), an SEC approved Self Regulatory Organization, and are subject to oversight by both the SEC and FINRA. As a clearing broker-dealer, we are subject to a periodic financial audit performed by FINRA. We are also subject to oversight by various state securities agencies.

With access to innovative, patented online brokerage and investing solutions, advisors can efficiently maintain diversified portfolios of securities, retain hands-on control over investments, manage tax liabilities, efficiently rebalance portfolios, produce reports, conduct compliance reviews, and take many other actions for their clients’ benefit.

We are an ideal match for advisors seeking an established, well-respected custodian for client assets, and a cost-effective portfolio management, investment, and high-end client services platform that provides them with powerful tools to manage diversified strategies for clients.

THE FOLIO ADVANTAGE

Folio Institutional provides secure asset custody and a state-of-the-art, patented portfolio management, trading, and brokerage platform to support your investing needs. Advisors can use our platform to build and manage integrated investment portfolios called FoliOs that can contain stocks, ETFs, or mutual funds delivering better control and greater transparency for their clients at a lower cost. We believe Folio Institutional is the most complete solution available for advisors seeking to meet the growing needs of today’s more sophisticated and demanding investors.

CUSTODIAL ACCOUNT SERVICES

For Advisors

Folio Institutional provides asset custody, low-cost market order execution, and commission-free window trading of single securities and whole portfolios. We also provide performance, tax, and compliance reporting on our simple-to-use platform. We offer clients and anyone they designate direct, independent, online access to custodian issued statements, tax documents, and proxy voting. We provide custody and trade execution services to advisors whose clients invest in equity securities, mutual funds, and ETFs.

For Clients

While your financial advisor remains the primary point of contact for all of your investment accounts, as a custodian, we maintain separate and independent records of all important account information and provide online access to statements, confirmations, tax documents, transaction history and more. We also offer a feature called Folio Vote that provides you or anyone you designate with information about upcoming corporate actions effecting your investments and allows proxy voting directly online.

ACCOUNT PROTECTION AND SECURITY

Our custodianship over your securities and cash are covered by multiple forms of insurance.

Securities Investor Protection Corporation (“SIPC”)

We are a member of SIPC, which protects the securities of its members’ customers up to \$500,000 for each customer (including \$250,000 on claims for cash). SIPC covers against losses stemming from a member broker-dealer’s financial failure. A brochure explaining SIPC coverage is available on the SIPC website (www.sipc.org) under the “How SIPC® Protects Investors” tab.

Federal Deposit Insurance Corporation (“FDIC”)

Through a unique FDIC insured cash sweep program administered by Deutsche Bank USA, cash deposited with us in excess of investment requirements is automatically distributed across many different domestic banks, which pay interest on that money and provide FDIC insurance coverage at levels not available with a single bank deposit. This program is providing millions of dollars of FDIC insurance for cash deposits in investor accounts with Folio Institutional. For current coverage amounts and a list of participating banks, visit the Cash Investments page at www.folioinstitutional.com under the Advisor Features tab or at www.folioclient.com under the Account Features tab.

Each bank in this program is FDIC insured. The FDIC is an independent agency created by the U.S. Congress in 1933 to help maintain public confidence in the nation’s financial system. One of its primary duties is to insure deposits in banks and thrift institutions. The FDIC also examines and supervises member institutions. The aggregate amount of FDIC insurance available is dependent on the number of banks participating in the program. You or your advisor can request that cash in your account not be swept to a particular bank, if you have other accounts at that bank where the combined total of all your deposits might exceed FDIC coverage at that bank. If you would like more information about FDIC insurance, please visit www.fdic.gov or call the FDIC Consumer Hotline at 1-877-ASK-FDIC (1-877-275-3342).

Blanket Fidelity Bond Coverage

We maintain a Blanket Fidelity Bond as required by applicable regulation. The Blanket Fidelity Bond provides protection against theft or misplacement and covers the events listed below, not including losses from the decline in the market value of securities.

- Losses due to employee dishonesty
- On-premises theft or loss of securities
- In-transit loss of securities
- Misplacement of securities
- Forgery and alteration of securities and checks
- Losing securities and acquiring forged securities
- Fraudulent trading by employees



*FDIC insurance coverage in the millions of dollars for cash deposits in investor accounts.**

* For the exact current coverage amounts, please visit our website.

Supplemental Insurance Coverage

In addition to the required SIPC coverage, we have purchased from underwriters at Lloyds supplemental customer securities insurance with a total aggregate limit of \$50 million. This coverage is limited to a combined return to any customer from SIPC and certain underwriters at Lloyds of \$10 million each. Neither SIPC nor the supplemental insurance coverage protects against losses from the decline in the market value of securities.

CUSTOMER PROTECTION AND CONFLICTS OF INTEREST

Assurance that your investment assets are kept safe has never been more important.

We do not engage in any type of trading or lending using our customers' funds — which are kept segregated. While our Ready-to-Go portfolio designs are tested using a token amount of firm capital, and our brokerage fractional account (which provides clients with the ability to make fractional-share trades) involves a very small sum of company capital, we conduct no proprietary trading as a business line and we do not engage in any form of high frequency trading. The firm does not offer its own proprietary products (e.g., derivatives) which might put it under future obligation to others. We do not conduct market making activities which would require the firm to hold inventory positions of securities. All trade processing is centralized at corporate headquarters, with tight internal security and supervision.

The separation of your assets from ours is also governed by SEC Rule 15c3-3, the "Customer Protection Rule." The Customer Protection Rule does not protect against losses from the decline in the market value of securities. We are audited by FINRA and the SEC, which test for compliance with this rule.

BUSINESS CONTINUITY PLAN

FINRA rules require broker-dealers to inform their clients of their plans to address possible business disruptions resulting from power outages, natural disasters, or other events. We have a comprehensive business continuity plan in place that we review, update, and test on at least an annual basis. The plan provides for the continuation of client service in the event of various types of interruptions to our facilities and services, although obviously we cannot plan for or guarantee against all contingencies. More information on our Business Continuity Plan is available at www.folioinstitutional.com and www.folioclient.com, under Important Disclosures.

REFERENCES AND OTHER USEFUL INFORMATION

- We are audited by Crowe Horwath LLP, one of the largest public accounting and consulting firms in the United States. They can be found at www.crowehorwath.com.
- Our most recent audited Statement of Financial Condition is available at our websites.
- Detailed information about FOLIO*fn* Investments, Inc. is available through the FINRA BrokerCheck® tool at www.finra.org. Our Central Registration Depository ("CRD") number with FINRA is 48015.
- The SEC required routing of customer orders report for us may be found by visiting the Order Routing and Execution page on our websites under Important Disclosures.
- Our Privacy Policy may be viewed on the Privacy & Security page on our websites.

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FOLIO*fn* Investments, Inc.
8180 Greensboro Drive
8th Floor
McLean, VA 22102

1-888-485-3456
info@folioinstitutional.com

www.folioinstitutional.com
www.folioclient.com