Risks of Investing

INVESTMENT STRATEGIES AND RISK OF LOSS

M1 provides template portfolio 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 does not provide investment advice 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.

<u>M1 cannot guarantee any level of performance or that any Client will avoid a loss of assets. Any investment in securities involves the possibility of financial loss that Clients should be prepared to bear.</u>

When evaluating risk, financial loss may be viewed differently by each Client and may depend on many different risk items. Each of which may affect the probability of adverse consequences and the magnitude of any potential losses. The following risks may not be comprehensive, but should be considered carefully by a prospective Client before using M1's services.

MANAGEMENT RISKS

M1 applies its investment techniques and risk analysis in making its portfolios. 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.

INVESTMENT RISKS

Investments in securities, including ETFs and the securities 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 RISKS

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

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 are subject to risks similar to stocks and bonds. 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.

MARKET/SYSTEMATIC RISKS

Equity and fixed income 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 money.

ASSEST 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 (as well as over the long term), so 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, such as equities. Depending on market conditions, there may be times where diversified portfolios perform worse than less diversified portfolios.

TRADING/LIQUIDTY RISKS

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

Securities Risks

EQUITY-RELATED RISKS

GENERAL 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.

LARGE- AND MID-CAP RISKS

Stocks of mid-cap companies tend to be more volatile than those of large-cap companies because mid-cap companies tend to be more susceptible to adverse business or economic events than larger, more established companies. During a period when large and mid-cap U.S. stocks fall behind other types of investments-bonds or small-cap stocks, for instance- the performance of investment strategies focused on large- and/or mid-cap stocks will lag the performance of these other investments.

SMALL-CAP AND INTERNATIONAL RISKS

Historically, small-cap and international stocks have been riskier than large- and mid-cap U.S. stocks. During a period when small-cap and /or international stocks fall behind other types of investments- U.S. large- and mid-cap stocks, for instance- the performance of investment strategies focused on small-cap or international stocks may lag the performance of these other investments.

FIXED INCOME-RELATED RISKS

GENERAL RISKS

Bond markets tend to rise and fall daily, and fixed income investments, which generally also include instruments with variable or floating rates, are subject to various risks. As with an investment whose performance is tied to bond markets, the value of a fixed income ETF will fluctuate, which means that you could lose money.

INTEREST RATE RISKS

When interest rates rise, bond prices usually fall, and with them the value of an ETF holding the bonds. A decline in interest rates generally raises bond prices, and with them potentially the value of an ETF share, but could also hurt the performance of an ETF by lowering its yield. The longer the duration of the investments held by an ETF, the more sensitive to interest rate movements its value is likely to be.

CREDIT RISKS

A decline in the credit quality of a fixed income investment could cause the value of a fixed income ETF to fall. The ETF could lose value of the issuer or guarantor of a portfolio investment fails to make timely principal or interest payments or otherwise honor its obligations. The emphasis of a fixed income strategy on quality and preservation of capital also could cause an ETF to underperform certain other types of bond investment, particularly those that take greater maturity and credit risks.

HIGH-YIELD RISKS

High-yield securities and unrated securities of similar credit quality (sometimes called junk bonds) are subject to great levels of credit and liquidity risks. High-yield securities and the ETFs that invest in them may be considered speculative.

GOVERNMENT SECURITIES RISKS

Many U.S. government securities are not backed by the full faith and credit of the United States government, which means they are neither guaranteed by the U.S. Treasury. Certain issuers of securities, such as the Federal Home Loan Banks, maintain limited lines of credit with the U.S. Treasury. Securities issued by other issuers, such as the Federal Farm Credit Banks Funding Corporation, are supported solely by the credit of the issuer. There can be no assurance that the U.S. Government will provide financial support to securities of its agencies and instrumentalities if it is not obligated to do so under law.

STATE AND REGIONAL RISKS

To the extent that an ETF is invested in securities from a given state or geographic region, its value and performance could be affected by local, states and regional factors, including erosion of the tax base and changes in the economic climate. National governmental actions, such as the elimination of tax-exempt status, also could affect performance. In addition, an ETF may be more sensitive to adverse economic, business or political developments if a substantial portion of it is invested in municipal securities that are financing similar projects.

FOREIGN RISKS

Investments in securities of foreign issuers or securities with credit or liquidity enhancements provided by foreign entities may involve certain risks such as adverse changes in foreign economic, political, regulatory and other conditions; differing accounting, auditing, financial reporting, and legal standards and practices; differing securities market structures; and higher transaction costs.

In addition, sovereign risk, or the risk that a government may become unwilling or unable to meet is loan obligations or guarantees, could increase the credit risk of financial institutions connected to that particular country.

FOREIGN INVESTMENT-RELATED RISKS

GENERAL RISKS

Investments in securities of foreign issuers may involve certain risks that are greater than those associated with investments in securities of U.S. issuers. These include risks of adverse changes in foreign economic, political, regulatory and other conditions; changes in currency exchange rates or exchange control regulations (including limitations on currency movements and exchanges); differing accounting, auditing, financial reporting, taxes and legal standards and practices; differing securities market structures; and higher transaction costs.

EMERGING MARKET RISKS

These and other risks (e.g., nationalization, expropriation, or other confiscation of assets of foreign issuers) are greater for those ETFs investing in companies tied economically to emerging countries, the economies of which tend to be more volatile than the economies of developed countries.

FRONTIER MARKETS RISKS

The risks associated with investing in foreign or emerging markets generally are magnified in frontier markets, also known as "next emerging" markets. Some frontier markets may operate in politically unstable regions of the world and may be subject to additional geopolitical/ disruption of markets risks.

GEOPOLITICAL/DISRUPTION OF MARKETS RISKS

Geopolitical events may adversely affect global economies and markets and thereby decrease the value of and/or the ease of trading the ETFs invested in those affected markets. Those events as well as other changes in foreign and domestic economic and political conditions could adversely affect the value of the strategy's investments.

CURRENCY RISKS

Fluctuations in exchange rates may adversely affect the value of a strategy's foreign currency holdings and investments denominated in foreign currencies.

RISKS RELATED TO OTHER ASSET CLASSES

COMMODITIES RISKS

Commodities involve unique risks that may be distinct from those that affect stocks and bonds, including world-wide supply and demand factors, weather conditions, currency movements, and international government policies regarding commodity reserves and choice of currency for commodity pricing.

HARD ASSEST RISKS

The production and marketing of hard assets, such as precious metals, oil and gas, real estate and/or agricultural commodities may be affected by geopolitical and environmental factors and are cyclical in nature. During periods of economic or financial instability, hard asset securities and other instruments may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of supply of various hard assets. Hard asset securities, hard asset companies, and other instruments may also experience greater price fluctuations than the relevant hard asset. In periods or rising hard asset prices, such securities or instruments may rise at a faster rate, and conversely, in times of falling hard asset prices, such securities may suffer a greater price decline.

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.

OTHER

The opinions expressed as based on current market conditions and are subject to change without notice.

The Hedge Fund Replication Portfolios are not endorsed by, affiliated with, sponsored by, or fully reflective of the hedge funds, their managers, nor their companies. The information used includes the names, brief biographical information, and references to the companies, funds and certain persons whom M1 Finance has identified from publicly available sources. M1 does not communicate with and is not supported or endorsed by or affiliated or associated with any of these individuals or their companies. To the extent these individuals use their names or the names of their companies as trademarks, such trademarks belong to their respective holders, and M1's use of the same does not imply any affiliation with or endorsement by them. Information about the investments is limited to that which is publicly available in regulatory filings.

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.

For even more information about investment risk, see FINRA's page about Managing Investment Risk