

InR Advisory Services, LLC

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InR Advisory Services, LLC

Brochure

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This Brochure provides information about the qualifications and business practices of INR Advisory Services, LLC. If you have any questions about the contents of this Brochure, please contact us at (610) 891-1677 or Mglackin@I-N-R.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about INR Advisory Services, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to of INR Advisory Services, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

There have been no material changes made to INR Advisory Services, LLC's disclosure statement since last year's Annual Amendment filing on March 22, 2011.

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Item 4 Advisory Business

- A. InR Advisory Services, LLC (“InR Advisory”) is a limited liability company formed on July 29, 2005 in the Commonwealth of Pennsylvania. InR Advisory became registered as an investment adviser in July 2005. InR Advisory’s principal owners are Michael Glackin, Thomas Babcock, and Thomas Killion. Mr. Glackin is InR Advisory’s Managing Member.
- B. As discussed below, InR Advisory offers to its clients (individuals, pension and profit sharing plans, trusts, estates and charitable organizations, etc.) pension consulting and investment advisory services. InR Advisory **does not** hold itself out as providing financial planning, estate planning or accounting services.

PENSION CONSULTING

InR Advisory acts as a pension consultant for various pension plans, including those of municipalities. InR Advisory first determines the investment objectives and requirements that are appropriate for each plan and then recommends various prospective investment alternatives for the plan’s review and consideration including, but not limited to, mutual funds, group annuity contracts, and/or separate account managers/programs (for approval by each plan sponsor) that best fulfill the investment objectives within each investment category.

Prior to engaging InR Advisory, the client will generally be required to enter into an *Investment Consulting Agreement* with InR Advisory setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, the fee arrangement, and the portion of the fee that is due from the client prior to InR Advisory commencing services. Unless the plan has determined to implement investment recommendations through InR Advisory’s representatives, in their individual capacities as registered representatives of Cambridge Investment Research, Inc. a FINRA member broker-dealer (“*Cambridge*”), InR Advisory’s fee will be based on a percentage (%) of the assets within the plan and will generally be in accordance with the following schedule:

<u>Plan Assets</u>	<u>Consulting Fee</u>
From \$0 to \$1,000,000	1.00%
Next \$1,000,001 to \$5,000,000	0.85%
\$5,000,001 and up	Negotiable

INVESTMENT ADVISORY SERVICES

The client can determine to engage InR Advisory to provide discretionary and/or non-discretionary investment advisory services on a non-wrap *fee* basis. **Only Defined Benefit Plans sponsored by the Commonwealth of Pennsylvania can engage InR Advisory to provide investment advisory services on a wrap fee basis.** (See discussion below). If a client determines to engage InR Advisory on a wrap fee basis, the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The

services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage InR Advisory on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

Prior to engaging InR Advisory to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with InR Advisory setting forth the terms and conditions under which InR Advisory shall manage the client's assets, and a separate custodial/clearing agreement with the designated broker-dealer.

NON-WRAP FEE BASIS

The client can determine to engage InR Advisory to provide discretionary and/or non-discretionary investment advisory services on a *fee-only* basis. InR Advisory's annual investment advisory fee will be based on a percentage (%) of the assets within the plan, are negotiable on a case-by-case basis, but will generally be in accordance with the following schedule:

<u>Market Value of Portfolio</u>	<u>Annual Fee %</u>
From \$0 to \$1,000,000	1.00%
Next \$1,000,001 to \$5,000,000	0.85%
\$5,000,001 and up	Negotiable

INR ADVISORY SERVICES WRAP PROGRAM

InR Advisory provides investment management services on a wrap fee basis in accordance with InR Advisory's investment management wrap fee program (the "Program"). **This service is limited to Defined Benefit Plans sponsored by the Commonwealth of Pennsylvania only.** The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure a copy of which is presented to all prospective Program participants. Under the Program, InR Advisory is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from negotiable to 1.00%, depending upon the amount and type of the Program assets. The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with the disclosure requirements of Part 2A Appendix 1 of Form ADV. The Wrap Fee Program Brochure is incorporated into this Brochure by reference. All prospective Program participants should read both InR Advisory's Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program. Charles Schwab Trust Co. ("*Schwab*"), TD Ameritrade ("*Ameritrade*") or Pershing, LLC ("*Pershing*") shall serve as the custodian for Program accounts.

Please Note: As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by InR Advisory for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

MISCELLANEOUS

Limited Consulting/Implementation Services. Although InR Advisory does not hold itself out as providing financial planning, estate planning or accounting services, to the extent specifically requested by the client, InR Advisory *may* provide limited consultation services to its investment management clients on investment and non-investment related matters, such as estate planning, tax planning, insurance, etc. InR Advisory shall not receive any separate or additional fee for any such consultation services. Neither InR Advisory, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of InR Advisory's services should be construed as same. To the extent requested by a client, InR Advisory may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agent, etc.). The client is under no obligation to engage the services of any such recommended professional. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify InR Advisory if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising InR Advisory's previous recommendations and/or services.

Equity Participation in Cambridge Investment Group, Inc. InR Advisory's Managing Member, Michael Glackin, has a small equity ownership in Cambridge Investment Group, Inc. InR Advisory does not believe Mr. Glackin's ownership interest in Cambridge Investment Group, Inc. is material to its advisory business and sets this forth for full disclosure purposes. **InR Advisory's Chief Compliance Officer, Michael Glackin, remains available to address any questions that a client or prospective client may have regarding this disclosure.**

Client Obligations. In performing its services, InR Advisory shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify InR Advisory if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising InR Advisory's previous recommendations and/or services.

Please Note: Non-Discretionary Service Limitations. Clients that determine to engage InR Advisory on a non-discretionary investment advisory basis **must be willing to accept** that InR Advisory cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, InR Advisory will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.

Disclosure Statement. A copy of InR Advisory's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*.

- C. InR Advisory shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser

representative will ascertain each client's investment objective(s). Thereafter, InR Advisory shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on InR Advisory's services.

- D. There is no significant difference between how InR Advisory manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage InR Advisory on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody) (*See* Item 4.B). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage InR Advisory on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody). **Please Note:** When managing a client's account on a wrap fee basis, InR Advisory shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.
- E. As of December 31, 2011, InR Advisory had \$418,947,450 in assets under management on a discretionary basis and \$120,084 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

A. PENSION CONSULTING

InR Advisory acts as a pension consultant for various pension plans, including those of municipalities. InR Advisory first determines the investment objectives and requirements that are appropriate for each plan and then recommends various prospective investment alternatives for the plan's review and consideration including, but not limited to, mutual funds, group annuity contracts, and/or separate account managers/programs (for approval by each plan sponsor) that best fulfill the investment objectives within each investment category.

Prior to engaging InR Advisory, the client will generally be required to enter into an *Investment Consulting Agreement* with InR Advisory setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, the fee arrangement, and the portion of the fee that is due from the client prior to InR Advisory commencing services. Unless the plan has determined to implement investment recommendations through InR Advisory's representatives, in their individual capacities as registered representatives of Cambridge Investment Research, Inc. a FINRA member broker-dealer ("*Cambridge*"), InR Advisory's fee will be based on a percentage (%) of the assets within the plan and will generally be in accordance with the following schedule:

<u>Plan Assets</u>	<u>Consulting Fee</u>
From \$0 to \$1,000,000	1.00%
Next \$1,000,001 to \$5,000,000	0.85%
\$5,000,001 and up	Negotiable

INVESTMENT ADVISORY SERVICES

The client can determine to engage InR Advisory to provide discretionary and/or non-discretionary investment advisory services on a non-wrap *fee* basis. **Only Defined**

Benefit Plans sponsored by the Commonwealth of Pennsylvania can engage InR Advisory to provide investment advisory services on a wrap fee basis.

INVESTMENT ADVISORY (NON-WRAP FEE BASIS)

If a client determines to engage InR Advisory to provide discretionary and/or non-discretionary investment advisory services on a *fee-only* basis, InR Advisory's annual investment fee will be based on a percentage (%) of the assets within the plan, are negotiable on a case-by-case basis, but will generally be in accordance with the following schedule:

<u>Market Value of Portfolio</u>	<u>Annual Fee %</u>
From \$0 to \$1,000,000	1.00%
Next \$1,000,001 to \$5,000,000	0.85%
\$5,000,001 and up	Negotiable

INR ADVISORY SERVICES WRAP PROGRAM FEES

If a client determines to engage InR Advisory to provide investment management services on a wrap fee basis in accordance with InR Advisory's Program, the services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, InR Advisory is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from negotiable to 1.00%, depending upon the amount and type of the Program assets.

- B. InR Advisory's Pension Consulting fee is payable in advance. InR Advisory, in its sole discretion, may charge a lesser fee based upon certain criteria (i.e. existing client, anticipated future additional assets, dollar amount of assets within the plan, related accounts, negotiations with client, etc.). In the event the client terminates InR Advisory's consulting services, the balance of InR Advisory's fee, if any, shall be refunded to the client.

Clients who engage InR Advisory to provide individual investment advisory services may elect to have InR Advisory's advisory fees deducted from their custodial account. Both InR Advisory's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of InR Advisory's investment advisory fee and to directly remit that management fee to InR Advisory in compliance with regulatory procedures. In the limited event that InR Advisory bills the client directly, payment is due upon receipt of InR Advisory's invoice. InR Advisory shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, InR Advisory shall generally recommend *Schwab*, *Pershing*, and/or *Ameritrade* to serve as the broker-dealer/custodian for client investment management assets. Broker-dealers like *Schwab*, *Pershing* and/or *Ameritrade* charge brokerage commissions and/or transaction fees for effecting certain securities

transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). Clients will incur, in addition to InR Advisory's investment management fee, brokerage commissions and/or transaction fees, and, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). Clients who engage InR Advisory on a wrap fee basis will not incur brokerage commissions and/or transaction fees in addition to the Program Fee.

- D. InR Advisory's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The *Investment Advisory Agreement* between InR Advisory and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, InR Advisory shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.
- E. **Commission Transactions.** On an extremely limited basis, in the event that the client desires, the client can engage certain of InR Advisory's representatives, in their individual capacities as registered representatives of *Cambridge* to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through *Cambridge*, *Cambridge* will charge brokerage commissions to effect securities transactions, a portion of which commissions *Cambridge* shall pay to InR Advisory's representatives, as applicable. The brokerage commissions charged by *Cambridge* may be higher or lower than those charged by other broker-dealers. In addition, *Cambridge*, as well as InR Advisory's representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment. Because of the limited nature of InR Advisory's commission business, InR Advisory's securities commission services are **not material** to InR Advisory's advisory business.
1. **Conflict of Interest:** The recommendation that a client purchase a commission product from *Cambridge* presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from *Cambridge*. **InR Advisory's Chief Compliance Officer, Michael Glackin, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
 2. **Please note:** Clients may purchase investment products recommended by InR Advisory through other, non-affiliated broker dealers or agents.
 3. InR Advisory does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products InR Advisory recommends to its clients.
 4. When InR Advisory's representatives sell an investment product on a commission basis, InR Advisory does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, InR Advisory's representatives do not also receive

commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). **However**, a client may engage InR Advisory to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from InR Advisory's representatives on a separate commission basis.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither InR Advisory, nor any supervised person of InR Advisory, accepts performance-based fees.

Item 7 Types of Clients

InR Advisory's clients shall generally include individuals, pension and profit sharing plans, trusts, estates and charitable organizations. InR Advisory generally requires an account minimum of \$50,000 of investable assets to qualify for InR Advisory's investment management services. InR Advisory, in its sole discretion, may reduce or waive the account minimum and/or reduce the management fee based upon certain criteria (i.e. existing financial planning or pension consulting client, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

- A. InR Advisory may utilize the following method of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)

InR Advisory may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by InR Advisory) will be profitable or equal any specific performance level(s).

- B. InR Advisory's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis InR Advisory must have access to current/new market information. InR Advisory has no control over the dissemination rate of market information; therefore, unbeknownst to InR Advisory, certain analyses may be compiled with outdated market

information, severely limiting the value of InR Advisory's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

InR Advisory's primary investment strategy - Long Term Purchases – is a fundamental investment strategy. However, every investment strategy has its own inherent risks and limitations. For example longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop whereas shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- C. Currently, InR Advisory primarily allocates client investment assets primarily among various no-load mutual fund classes and exchange traded funds, on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).

Item 9 Disciplinary Information

InR Advisory has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. **Registered Representatives of Cambridge.** Certain of InR Advisory's representatives, in their individual capacities, are registered representatives of *Cambridge*, an SEC registered and FINRA member broker-dealer.
- B. Neither InR Advisory, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C.
 - 1. **Broker Dealer.** As disclosed above in Item 5.E, certain of InR Advisory's representatives are registered representatives of Cambridge, an SEC registered and FINRA member broker-dealer. On an extremely limited basis, clients can choose to engage certain of InR Advisory's representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis. Because of the limited nature of certain representatives of InR Advisory's commission business, InR Advisory's securities commission services are **not material** to InR Advisory's advisory business.
 - 8. **Licensed Insurance Agents.** Certain representatives of InR Advisory, in their individual capacities, are licensed insurance agents, and may recommend, on an extremely limited basis, the purchase of certain insurance-related products on a commission basis. On an extremely limited basis, clients can engage certain of InR Advisory's representatives to purchase insurance products on a commission basis. Because of the limited nature of InR Advisory's commission business, InR

Advisory's insurance commission services are **not material** to InR Advisory's advisory business.

- **Conflict of Interest:** The recommendation by InR Advisory's representatives that a client purchase a securities or insurance commission product presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from InR Advisory's representatives. Clients are reminded that they may purchase investment products recommended by InR Advisory through other, non-affiliated broker dealers or insurance agents. **InR Advisory's Chief Compliance Officer, Michael Glackin, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

9. **Pension Consultant.** InR Advisory's affiliated entity, InR 457 Company LLC, is the plan sponsor of certain public retirement plans. InR 457 Company LLC is designated as the Administrator of public plans and performs all discretionary and/or non-discretionary functions with respect to the plan assets.

Furthermore, Invest n Retire, LLC, a non-affiliated entity, provides solutions for delivering and bundling services to 401(k) plans over the internet. Certain of InR Advisory's representatives hold an equity position in Invest n Retire, LLC. Currently, following a general client suitability determination, InR Advisory ***may*** offer/recommend an Invest n Retire, LLC, Exchange Traded Fund 401(K) platform to its clients. Invest n Retire, LLC, does not provide any compensation to InR Advisory as a result of utilizing its platforms. However, certain of InR Advisory's representatives may financially benefit from Invest n Retire, LLC as a result of their equity positions in Invest n Retire, LLC.

- **Conflict of Interest:** The recommendation by InR Advisory that a client use the services of Invest n Retire, LLC presents a ***conflict of interest***, as the receipt of compensation attributable to certain representatives of InR Advisory's ownership in Invest n Retire, LLC may provide an incentive to recommend investment products based on compensation to be received, rather than on a particular client's need. No client is under any obligation to utilize the services of Invest n Retire, LLC. **InR Advisory's Chief Compliance Officer, Michael Glackin, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. InR Advisory does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

- A. InR Advisory maintains an investment policy relative to personal securities transactions. This investment policy is part of InR Advisory's overall Code of Ethics, which serves to establish a standard of business conduct for all of InR Advisory's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, InR Advisory also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by InR Advisory or any person associated with InR Advisory.

- B. Neither InR Advisory nor any related person of InR Advisory recommends, buys, or sells for client accounts, securities in which InR Advisory or any related person of InR Advisory has a material financial interest.
- C. InR Advisory and/or representatives of InR Advisory *may* buy or sell securities that are also recommended to clients. This practice may create a situation where InR Advisory and/or representatives of InR Advisory are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if InR Advisory did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of InR Advisory's clients) and other potentially abusive practices.

InR Advisory has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of InR Advisory's "Access Persons". InR Advisory's securities transaction policy requires that an Access Person of InR Advisory must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date InR Advisory selects; provided, however that at any time that InR Advisory has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. InR Advisory and/or representatives of InR Advisory *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where InR Advisory and/or representatives of InR Advisory are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, InR Advisory has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of InR Advisory's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that InR Advisory recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct InR Advisory to use a specific broker-dealer/custodian), InR Advisory generally recommends that investment management accounts be maintained at *Schwab*, *Ameritrade* and/or *Pershing*. Prior to engaging InR Advisory to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with InR Advisory setting forth the terms and conditions under which InR Advisory shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that InR Advisory considers in recommending *Schwab*, *Ameritrade* and/or *Pershing* (or any other broker-dealer/custodian to clients) include historical relationship with InR Advisory, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by InR Advisory's clients shall comply with InR Advisory's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where InR Advisory determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although InR Advisory will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, InR Advisory's investment management fee. InR Advisory's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Ameritrade Institutional Program.

InR Advisory participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division *Ameritrade*, member FINRA/SIPC/NFA. *Ameritrade* is an independent [and unaffiliated] SEC-registered broker-dealer. *Ameritrade* offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. InR Advisory receives some benefits from *Ameritrade* through its participation in the program. (Please see the disclosure under Item 14 below.).

Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, InR Advisory may receive from *Schwab*, *Ameritrade* and/or *Pershing*, without cost (and/or at a discount) support services and/or products, certain of which assist InR Advisory to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by InR Advisory may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or

gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by InR Advisory in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist InR Advisory in managing and administering client accounts. Others do not directly provide such assistance, but rather assist InR Advisory to manage and further develop its business enterprise.

InR Advisory's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab*, *Ameritrade* and/or *Pershing* as result of this arrangement. There is no corresponding commitment made by InR Advisory to *Schwab*, *Ameritrade* and/or *Pershing* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

InR Advisory's Chief Compliance Officer, Michael Glackin, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

2. InR Advisory does not receive referrals from broker-dealers.
3. InR Advisory does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and InR Advisory will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by InR Advisory. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs InR Advisory to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through InR Advisory.

InR Advisory's Chief Compliance Officer, Michael Glackin, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that InR Advisory provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless InR Advisory decides to purchase or sell the same securities for several clients at approximately the same time. InR Advisory may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission

rates or to allocate equitably among InR Advisory's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day.

Item 13 Review of Accounts

- A. For those clients to whom InR Advisory provides investment supervisory services, account reviews are conducted on an ongoing basis by InR Advisory's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise InR Advisory of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with InR Advisory on an annual basis.
- B. InR Advisory *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. InR Advisory may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, InR Advisory may receive an indirect economic benefit from *Schwab*, *Ameritrade* and/or *Pershing*. InR Advisory, without cost (and/or at a discount), may receive support services and/or products from *Schwab*, *Ameritrade* and/or *Pershing*.

Specifically, as disclosed under Item 12 above, InR Advisory participates in *Ameritrade's* institutional customer program and InR Advisory may recommend *Ameritrade* to clients for custody and brokerage services. There is no direct link between InR Advisory's participation in the program and the investment advice it gives to its clients, although InR Advisory receives economic benefits through its participation in the program that are typically not available to *Ameritrade* retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided

to InR Advisory by third party vendors. *Ameritrade* may also have paid for business consulting and professional services received by InR Advisory's related persons. Some of the products and services made available by *Ameritrade* through the program may benefit InR Advisory but may not benefit its client accounts. These products or services may assist InR Advisory in managing and administering client accounts, including accounts not maintained at *Ameritrade*. Other services made available by *Ameritrade* are intended to help InR Advisory manage and further develop its business enterprise. The benefits received by InR Advisory or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to *Ameritrade*. As part of its fiduciary duties to clients, InR Advisory endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by InR Advisory or its related persons in and of itself creates a potential conflict of interest and may indirectly influence InR Advisory's choice of *Ameritrade* for custody and brokerage services.

InR Advisory's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab*, *Ameritrade* and/or *Pershing* as result of this arrangement. There is no corresponding commitment made by InR Advisory to *Schwab*, *Ameritrade* and/or *Pershing* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

InR Advisory's Chief Compliance Officer, Michael Glackin, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. To date InR Advisory does not have any solicitor arrangements in place, however, if a client is introduced to InR Advisory by either an unaffiliated or an affiliated solicitor, InR Advisory *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from InR Advisory's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to InR Advisory by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of InR Advisory's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between InR Advisory and the solicitor, including the compensation to be received by the solicitor from InR Advisory.

Item 15 Custody

InR Advisory shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. InR Advisory may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that InR Advisory provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by InR Advisory with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of InR Advisory's advisory fee calculation.

Item 16 Investment Discretion

The client can determine to engage InR Advisory to provide investment advisory services on a discretionary basis. Prior to InR Advisory assuming discretionary authority over a client's account, the client shall be required to execute *Investment Advisory Agreement*, naming InR Advisory as the client's attorney and agent in fact, granting InR Advisory full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage InR Advisory on a discretionary basis may, at anytime, impose restrictions, **in writing**, on InR Advisory's discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe InR Advisory's use of margin, etc.).

Item 17 Voting Client Securities

- A. InR Advisory does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact InR Advisory to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. InR Advisory does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. InR Advisory is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. InR Advisory has not been the subject of a bankruptcy petition.

ANY QUESTIONS: InR Advisory's Chief Compliance Officer, Michael Glackin, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.