



INCOME ENHANCEMENT STRATEGIES, LLC

Firm Brochure

(Part 2A of Form ADV)

Income Enhancement Strategies, LLC

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This brochure provides information about the qualifications and business practices of Income Enhancement Strategies, LLC. If you have any questions about the contents of this brochure, please contact us at: 704-332-2032, or by email at: lmarshall@incomestrat.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 Income Enhancement Strategies, LLC is available on the SEC's website at www.adviserinfo.sec.gov

Registration does not imply a certain level of skill or training.

June 2011

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MATERIAL CHANGES

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: **704-332-2032** or by email at: **lmmarshall@incomestrat.com**.

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ADVISORY BUSINESS

Firm Description

Income Enhancement Strategies, LLC, (“IES”) was founded in 2010.

Income Enhancement Strategies, LLC is a fee-only investment management firm. The firm does not receive commissions for purchasing or selling annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. No commissions in any form are accepted. No finder’s fees are accepted.

Investment advice is provided to the client for a fee. Income Enhancement Strategies, LLC does not act as a custodian of client assets. The client always maintains asset control. Income Enhancement Strategies, LLC places trades for clients under a limited power of attorney.

Principal Owner

David W. Jackson, Jr.

Types of Advisory Services

Income Enhancement Strategies, LLC provides investment supervisory services, also known as asset management services.

As of June 2012, Income Enhancement Strategies, LLC manages approximately \$80 million in assets for approximately 6 clients. Approximately \$ 80 million is managed on a discretionary basis, and \$ 0 is managed on a non - discretionary basis.

Tailored Relationships

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

FEES AND COMPENSATION

Advisory Service Agreement

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement includes: cash flow management; investment management (including performance reporting); and the implementation of recommendations within each area.

The annual Advisory Service Agreement fee is based on a percentage of the investable assets; IES's standard investment advisory fee is 1% (subject to

negotiation based on asset size or other factors solely at the discretion of the Advisor).

The minimum annual fee is negotiable. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

Asset Management

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. Income Enhancement Strategies, LLC does not receive any compensation, in any form, from brokerage companies.

Investments may also include: high yield, non-investment grade fixed income securities, preferred stocks, BBB and above rated corporate securities, mortgage backed securities, any other security that may qualify as high yield, and cash or cash equivalents which may include money market funds.

Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying Income Enhancement Strategies, LLC in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, Income Enhancement Strategies, LLC will refund any unearned portion of the advance payment.

Income Enhancement Strategies, LLC may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, Income Enhancement Strategies, LLC will refund any unearned portion of the advance payment.

FEES AND COMPENSATION

Description

Income Enhancement Strategies, LLC bases its fees on a percentage of assets under management.

Fees are negotiable.

Fee billing

Investment management fees are billed quarterly, in advance or arrears, meaning that we invoice you before or after the three-month billing period has begun or ended. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Income Enhancement Strategies, LLC, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to Income Enhancement Strategies, LLC.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Past Due Accounts and Termination of Agreement

Income Enhancement Strategies, LLC reserves the right to stop work on any account that is more than 60 days overdue.

PERFORMANCE-BASED FEES

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Income Enhancement Strategies, LLC does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

TYPES OF CLIENTS

Description

Income Enhancement Strategies, LLC generally provides investment advice to high net worth individuals, banks or thrift institutions, investment companies, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

Account Minimums

The minimum account size is \$500,000 of assets under management, which equates to an annual fee of \$5,000.

Income Enhancement Strategies, LLC has the discretion to waive the account minimum. Accounts of less than \$500,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$500,000 within a reasonable time. Other exceptions will apply to employees of Income Enhancement Strategies, LLC and their relatives, or relatives of existing clients.

Clients receiving ongoing asset management services will be assessed a \$200.00 minimum annual fee. Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that Income Enhancement Strategies, LLC may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, Charles Schwab & Company's "SchwabLink" service, Advisor Intelligence, and the World Wide Web.

Investment Strategies

The Investment Manager has full discretion regarding selection and turnover, as well as the diversification of investments. The Investment Manager may invest in publicly traded stocks, publicly traded MLPs, high yield, non-investment grade fixed income

securities, preferred stocks, BBB and above rated corporate securities, mortgage backed securities or any other security that may qualify as high yield. All or a portion of the Account may be held in cash or cash equivalents as a temporary investment vehicle or as part of an investment strategy utilized by Investment Manager. Subject to applicable laws and regulations, such cash equivalent investments may include money market funds at a broker/dealer or other designated financial institution.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

DISCIPLINARY INFORMATION

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Financial Industry Activities

Income Enhancement Strategies, LLC is a registered investment advisor.

Affiliations

Income Enhancement Strategies, LLC has arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment advisor or an entity that creates or packages limited partnerships.

- Broker/ Dealer – Allen C. Ewing & Co.
- Custodian - NFS
- Custodian - Schwab Institutional Services

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

The employees of Income Enhancement Strategies, LLC have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

Income Enhancement Strategies, LLC and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Income Enhancement Strategies, LLC *Compliance Manual*.

Personal Trading

The Chief Compliance Officer of Income Enhancement Strategies, LLC is Tamarah Jones. She reviews all employee trades each quarter. Her trades are reviewed by David Jackson. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment.

BROKERAGE PRACTICES

Selecting Brokerage Firms

Income Enhancement Strategies, LLC does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. Income Enhancement Strategies, LLC recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

Income Enhancement Strategies, LLC recommends discount brokerage firms and trust companies (qualified custodians), such as NFS and Schwab Institutional Services. Income Enhancement Strategies, LLC is an advisor with Allen C. Ewing & Co.

Income Enhancement Strategies, LLC *DOES NOT* receive fees or commissions from any of these arrangements.

Best Execution

Income Enhancement Strategies, LLC reviews the execution of trades at each custodian each quarter. The review is documented in the Income Enhancement Strategies, LLC *Compliance Manual*. Trading fees charged by the custodians is also reviewed on a quarterly basis. Income Enhancement Strategies, LLC does not receive any portion of the trading fees.

REVIEW OF ACCOUNTS

Periodic Reviews

Account reviews are performed quarterly by advisor Tamarah Jones, Chief Compliance Officer. Account reviews are performed more frequently when market conditions dictate.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

Account reviewers are members of the firm's Investment Committee. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications on at least an annual basis. *Advisory Service Agreement* clients, *Investment Management* clients, and *Retainer Agreement* clients receive written quarterly updates. The written updates may include a net worth statement, portfolio statement, tax return (if the client requests tax preparation services), and a summary of objectives and progress towards meeting those objectives.

CLIENT REFERRALS AND OTHER COMPENSATION

Incoming Referrals

Income Enhancement Strategies, LLC has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm may compensate referring parties for these referrals.

Referrals Out

Income Enhancement Strategies, LLC does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

N/A

CUSTODY

SEC "Custody"

From time to time, Income Enhancement Strategies, LLC may be considered to have custody of certain types of accounts, such as when an employee acts as a trustee of an unrelated trust and the firm acts as the investment adviser to that trust. When the firm has such custody, an annual surprise audit of those custodied accounts is performed by an independent CPA firm in compliance with SEC requirements.

Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Income Enhancement Strategies, LLC.

INVESTMENT DISCRETION

Discretionary Authority for Trading

Income Enhancement Strategies, LLC accepts discretionary authority to manage securities accounts on behalf of clients. Income Enhancement Strategies, LLC has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The client approves the custodian to be used and the commission rates paid to the custodian. Income Enhancement Strategies, LLC does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

VOTING CLIENT SECURITIES

Proxy Votes

Unless the client designates otherwise, Income Enhancement Strategies, LLC votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. A copy of Income Enhancement Strategies, LLC's proxy voting policy is available upon request.

FINANCIAL INFORMATION

Financial Condition

Income Enhancement Strategies, LLC does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Income Enhancement Strategies, LLC does not serve as a custodian for client funds or securities.

BUSINESS CONTINUITY PLAN

General

Income Enhancement Strategies, LLC has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

INFORMATION SECURITY PROGRAM

Information Security

Income Enhancement Strategies, LLC maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

Income Enhancement Strategies, LLC is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies,

consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

BROCHURE SUPPLEMENT (PART 2B OF FORM ADV)

Education and Business Standards

Income Enhancement Strategies, LLC requires that advisors in its employ have a bachelor's degree. Additionally, advisors must have work experience that demonstrates their aptitude for investment management.

Jeffrey R. Hines, CFA

Educational Background:

- Date of birth: 1953
- The University of Colorado (BA Economics)
- A charter member of the CFA Institute

Business Experience:

- Jeff has over twenty-five years of industry experience in all areas of bond management and trading. He founded Sovereign Advisors in the early 1990s, selling to Titanium Asset Management in 2007. Prior to Sovereign, Jeff held various executive positions with Merrill Lynch and Dean Witter (now part of Morgan Stanley) as well as senior portfolio management roles at two regional money managers.

Other Business Activities: Jeffrey R. Hines is Managing Partner of Capital Investment Opportunities ("CIO") a non-investment grade model fixed income portfolio. CIO is a personal investment account and clients are not solicited to invest in CIO. However, the investment strategy employed in the CIO portfolio may be the same or substantially similar to the strategy IES uses in client accounts.

David R. Long

Educational Background:

- Date of birth: 1952
- University of Illinois (BA Finance) 1974
- Northwestern University (MBA) 1979

Business Experience:

- David was President of AJG Financial Services, Inc. ("AJG"), a Delaware corporation, and Vice President and Chief Investment Officer of Arthur J. Gallagher & Co. ("Gallagher"), a New York Stock Exchange listed, Delaware corporation that is the parent corporation of AJG. Prior to joining AJG in 1980, David worked for the Harris Trust and Savings Bank in Chicago, Illinois. He served as a Director for Asset Alliance Corporation, Softwerc Technologies, Inc., and Franklin Capital Group. He was also Chairman of the Board of Directors of Chicago Equity Fund and Peachtree Franchise Finance, LLC.

Other Business Activities: David Long is acting as a consultant for tax credit related investments for his former employer, Arthur J Gallagher & Co (NYSE AJG).

David W. Jackson, Jr.

Educational Background:

- Date of birth: 1947
- University of North Carolina - Chapel Hill (AB Economics-1975)

Business Experience:

- David is currently President of Allen C. Ewing & Co. Prior to joining Ewing, David spent 11 years as a Senior Vice President with IJL Wachovia and its predecessor, Interstate/Johnson Lane Corporation, specializing in private placements of debt and equity. Previous to IJL, he was a Senior Vice President with Smith Barney, Harris Upham & Co. in New York City in the Corporate Services Group. David is a Director of Ewing Capital Partners, LLC; the General Partner of Ewing Emerging Financial Institutions Fund I, LLC; and is a principal partner of Senior Living Communities, LLC, an operator and developer of retirement communities in the Southeast.

Other Business Activities: David W. Jackson is president of Allen C. Ewing & Company (hereinafter, ACE), a related broker/dealer. IES recommends clients utilize the brokerage and custodial services of ACE. Advisory clients of IES may also maintain brokerage accounts at ACE where IES is not providing any investment advisory services. Accounts solely subject to a brokerage arrangement are charged a commission on transactions executed in the account. These commissions are paid to the clearing broker, National Financial Services, who in turn compensates ACE. IES clients are charged an advisory fee. Brokerage fees/commissions charged to advisory clients are paid to National Financial Services, the clearing broker. ACE does not receive commissions on trades made on behalf of advisory clients.

Macon G. Patton

Educational Background:

- Date of birth: 1964
- University of North Carolina - Chapel Hill (AB History-1987)

Business Experience:

- Macon is currently Senior Vice President - Investment Banking of Allen C. Ewing & Co. He joined the Charlotte office of Allen Ewing & Co. in January, 2010. He began his career in 1987 in institutional fixed income sales and trading at Autranet, a division Donaldson Lufkin & Jenrette in New York. From 1991 through 1996 he lived in Prague, Czech Republic and London where he spent several years working with a Czech based investment bank and its London based sister company. His career also includes work in the hedge fund space as well as real estate.

Other Business Activities: Macon is currently Senior Vice President - Investment Banking of Allen C. Ewing & Co. (hereinafter, ACE), a related broker/dealer. IES recommends clients utilize the brokerage and custodial services of ACE. Advisory clients of IES may also maintain brokerage accounts at ACE where IES is not providing any investment advisory services. Accounts solely subject to a brokerage arrangement are charged a commission on transactions executed in the account. These commissions are paid to the clearing broker, National Financial Services, who in turn compensates ACE. IES clients are charged an advisory fee. Brokerage fees/commissions charged to advisory clients are paid to National Financial Services, the clearing broker. ACE does not receive commissions on trades made on behalf of advisory clients.

Ryan D. Long

Educational Background:

- Date of birth: 1981
- Miami University Ohio (BS Finance-2004)

Business Experience:

- Ryan Long has 6 years of portfolio management and trading experience, primarily in energy and income oriented fields. He served as a Financial Analyst at Arthur J. Gallagher & Co (NYSE: AJG) where he provided research and analysis on a multitude of energy related investments.

Other Business Activities: none

Laura I. Marshall

Educational Background:

- Date of birth: 1961
- University of Memphis (BS Finance-1983)

Business Experience:

- Laura is currently Vice President - Fund Marketing & Administration of Allen C. Ewing & Co. She has over 20 years experience in the securities industry - as a public finance banker, in fixed income trading and institutional sales with First Tennessee Bank, A.G. Edwards, Advest, and IJL Wachovia.

Other Business Activities: Laura is currently Vice President - Fund Marketing & Administration of Allen C. Ewing & Co. (hereinafter, ACE), a related broker/dealer. IES recommends clients utilize the brokerage and custodial services of ACE. Advisory clients of IES may also maintain brokerage accounts at ACE where IES is not providing any investment advisory services. Accounts solely subject to a brokerage arrangement are charged a commission on transactions executed in the account. These commissions are paid to the clearing broker, National Financial Services, who in turn compensates ACE. IES clients are charged an advisory fee.

Brokerage fees/commissions charged to advisory clients are paid to National Financial Services, the clearing broker. ACE does not receive commissions on trades made on behalf of advisory clients.