

Wrap Fee Program Brochure

January 2014

The IFM Capital Advisors Program

Sponsored By

IFM CAPITAL ADVISORS, LLC

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This brochure provides information about the qualifications and business practices of IFM Capital Advisors, LLC (hereinafter "IFM" or the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm at phone number listed above. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority. Additional information about IFM is available on the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. IFM is a registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

In this Item, IFM is required to discuss any material changes that have been made to the brochure since the last annual amendment. In January 2014, the Firm was acquired by its current Principals and therefore substantially all sections within this brochure have been amended to reflect IFM's new business operations.

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Item 4. Services, Fees and Compensation

The IFM Capital Management Program (the “Program”) is an investment advisory program sponsored by IFM, a registered investment adviser that began offering investment advisory services in January 2014.

This brochure has been prepared in connection with IFM’s initial acquisition and launch and therefore the Firm does not currently have any assets under management to report. While this brochure generally describes the business of IFM, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on IFM’s behalf and is subject to the Firm’s supervision or control.

Description of the Program

The Program is offered as a wrap fee program, which provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. Prior to receiving services through the Program, clients are required to enter into a written agreement with IFM setting forth the relevant terms and conditions of the advisory relationship (the “Agreement”). Clients must also open a new securities brokerage account and complete a new account agreement with Fidelity Institutional Wealth Services (“Fidelity”) or another broker-dealer IFM approves under the Program (collectively “Financial Institutions”).

At the onset of the Program, clients complete an investor profile and/or investment policy statement describing their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors pertinent to their specific financial situations. After an analysis of the relevant information, IFM assists its clients in developing an appropriate strategy for managing their assets. IFM manages client investment portfolios on a discretionary or non-discretionary basis by allocating assets among the types of securities described further in Item 6 (below). IFM may also offer clients a variety of financial planning and consulting services, which are customized to accommodate the needs of each individual client and may address a broad range of matters, such as retirement planning, cash flow needs, tax planning, wealth transfer, charitable giving, business planning and succession planning, amongst others.

Fees for Participation in the Program

Investment advisory services are offered through the Program on a fee basis, meaning that clients pay a single annualized fee based upon an agreed upon fixed rate or a percentage of assets under management. The annual fee, which ranges up to \$50,000 for fixed fees and 200 basis points (2.00%) for asset-based fees, is individually negotiated and largely determined by the scope of complexity of a particular engagement.

The fee is prorated and billed monthly or quarterly, in advance or arrears, and calculated using the market value of the assets being managed by IFM under Program on the last day of the previous billing period. If are deposited into or withdrawn from an account after the inception of a billing cycle, the fee payable with respect to such assets is generally adjusted or prorated to account for the interim change in portfolio value. For the initial term of the Program, the fee is calculated on a *pro rata* basis. In the event the Agreement is terminated, the fee for the final month is prorated through the effective date of the termination and the remaining balance is refunded to the client, as appropriate.

Fee Comparison

A portion of the fees paid to IFM are used to cover the securities brokerage commissions and transactional costs attributed to the management of its clients' portfolios. Services provided through the Program may cost clients more or less than purchasing these services separately. The number of transactions made in clients' accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Fees paid for the Program may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

Fee Discretion

IFM, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

Fee Debit

The Firm's Agreement and the separate agreement with any Financial Institutions generally authorize IFM to debit its clients' accounts for the amount of the Program fee and to directly remit that fee to IFM. Any Financial Institutions recommended by IFM have agreed to send statements to clients not less than quarterly indicating all amounts disbursed from the account, including the amount of Program fees paid directly to IFM.

Account Additions and Withdrawals

Clients may add or withdraw funds from their accounts at any time, subject to IFM's right to terminate a client relationship. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to IFM, subject to the usual and customary securities settlement procedures. However, IFM designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. IFM may consult with its clients

about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Other Charges

Clients may incur certain charges imposed by third parties in addition to the Program fee. These additional charges may include advisory fees imposed by independent investment managers ("Independent Managers"), fees and expenses imposed directly by a mutual fund or exchange-traded fund ("ETF") in the account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. For outside accounts on which IFM advises, but does not necessarily manage or have the authority to effect transactions, clients may incur other third-party charges, such as securities brokerage, transaction cost and custodial fees.

Compensation for Recommending the Program

IFM has no arrangements in place whereby persons recommending the Program are entitled to receive additional compensation as a result of clients' participation.

Item 5. Account Requirements and Types of Clients

IFM does not impose a stated minimum fee or minimum portfolio value for participation in the Program. Services through the Program are generally offered to individuals, corporations and other business entities, pension and profit sharing plans, charitable organizations, and trusts and estates.

Item 6. Portfolio Manager Selection and Evaluation

IFM acts as the sponsor and sole portfolio manager under the Program.

Portfolio Management

IFM manages client investment portfolios on a discretionary or non-discretionary basis. In so doing, IFM primarily allocates assets among various Independent Managers, ETFs and mutual funds in accordance with its clients' individual investment objectives. Where appropriate, the Firm may also provide advice about legacy positions and other investments held in client portfolios.

IFM tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles.

IFM consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify IFM if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if IFM determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

Selection of Independent Managers

IFM evaluates various information about the Independent Managers in which it selects to manage client assets under the Program. The Firm generally reviews a variety of different resources, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves, and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposures. IFM also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other related factors.

IFM generally monitors the performance of those accounts being managed by Independent Managers by reviewing the account statements produced by the Financial Institutions, as well as other performance information furnished by the Independent Managers and/or other third-party providers. The Firm does not verify the accuracy of any such performance information and does not ensure its compliance with presentation standards. Clients are advised that any performance information they receive from the Independent Managers may not be calculated on a uniform and consistent basis. Clients should compare all supplemental materials with the account statements they receive from their respective custodians.

The terms and conditions under which the client engages an Independent Manager are set forth in a separate written agreement between IFM or the client and the designated Independent Manager. In addition to this brochure, the client also receives the written disclosure brochure of the designated Independent Managers engaged to manage their assets.

Side-By-Side Management

IFM does not manage any accounts for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

Methods of Analysis and Investment Strategies

IFM utilizes a combination of fundamental, technical and cyclical methods of analysis when implementing the Firm's asset allocation strategy.

Fundamental analysis involves an evaluation of an issuer's fundamental financial condition and competitive position. IFM generally analyzes the financial condition, capabilities of management, earnings capacity, new products and services, as well as the company's markets and position amongst its industry competitors in order to determine the recommendations made to clients. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific company information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that IFM will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that IFM is recommending. The risks with cyclical analysis are similar to those of technical analysis.

Risks of Loss

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Market Risks

The profitability of a significant portion of IFM's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that IFM will be able to predict those price movements accurately.

Mutual Funds and Exchange-Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees,

redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Voting of Client Securities

IFM does not accept the authority to vote clients' securities (i.e., proxies) on their behalves. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the telephone number listed on the cover page with questions about any such issuer solicitations.

Item 7. Client Information Provided to Portfolio Managers

Clients participating in the Program generally grant IFM the authority to discuss certain non-public information with the Independent Managers engaged to manage their accounts. Depending upon the specific arrangement, the Firm may be authorized to disclose various personal information including, without limitation: names, phone numbers, addresses, social security numbers, tax identification numbers and account numbers. IFM may also share certain information related to its clients' financial positions and investment objectives in an effort to ensure that the Independent Managers' investment decisions remain aligned with its clients' best interests. This information is communicated on an initial and ongoing basis, or as otherwise necessary to the management of its clients' portfolios.

Item 8. Client Contact with Portfolio Managers

There are no restrictions on clients' ability to correspond with IFM's portfolio managers. Clients can generally contact any Independent Managers managing their assets through IFM by providing the Firm with written request and identification of the questions or issues to be discussed with the Independent Managers. After receiving the client's written request, IFM, at its sole discretion, may contact the

Independent Managers for the client or arrange for the Independent Managers and the client to communicate directly.

Item 9. Additional Information

Disciplinary Information

IFM has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

Other Financial Industry Activities and Affiliations

Registered Representatives of a Broker-Dealer

Certain of the Firm's Supervised Persons, in their individual capacities, are registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS") and may provide clients with securities brokerage services under a separate commission-based arrangement. A conflict of interest exists to the extent that IFM recommends the purchase of a security and its Supervised Person receives a portion of the commissions paid to PKS. The Firm has procedures in place to ensure that all recommendations are made in the best interests of clients regardless of any additional compensation earned. For accounts covered by ERISA (and such others that IFM, in its sole discretion, deems appropriate), the Firm provides investment advisory services on a fee offset basis. In this scenario, IFM may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by the Firm's Supervised Persons in their capacities as registered representatives of PKS.

Licensed Insurance Agents

Certain of IFM's Supervised Persons, in their individual capacities, are licensed insurance agents and may effect the purchase of certain insurance products on a fully-disclosed commission basis. A conflict of interest exists to the extent that the Firm recommends the purchase of insurance products where its Supervised Person receives insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

Code of Ethics

IFM has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. IFM's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of IFM's personnel (called "Access Persons") to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, IFM Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by Access Persons to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Access Person may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the Access Person) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Access Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact IFM to request a copy of its Code of Ethics.

Account Reviews

IFM monitors its clients' investment portfolios on a continuous and ongoing basis, and conducts regular account reviews at least quarterly. Such reviews are conducted by the Firm's investment adviser representatives, chief investment officers and/or investment committee. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with IFM and to keep IFM informed of any changes thereto. IFM contacts ongoing investment advisory clients at least annually to review its previous services and recommendations, and to discuss the impact resulting from any changes in their financial situation and/or investment objectives.

Account Statements and General Reports

Clients are provided with transaction confirmation notices and summary account statements directly from the Financial Institutions. From time-to-time, clients in the Program may also receive reports from IFM that may include relevant account and/or market-related information, such as an inventory of account

holdings and account performance. Clients should compare any supplemental reports they receive from IFM with the account statements they receive from the Financial Institutions.

Client Referrals

IFM may enter into arrangements under which the Firm provides compensation to third parties for client referrals. In the event the Firm elects to do so and a client is introduced to IFM by a solicitor, IFM may pay that solicitor a referral fee in accordance with applicable laws, rules and regulations. Unless otherwise disclosed, all referral fees will be paid solely from the Firm's Program Fee and will not result in any additional charges to the Firm's clients. In this situation, clients will be advised of the solicitation relationship with IFM and will be provided with this brochure prior to or at the time the Agreement is executed. Additionally, any third-party solicitors who are not supervised by the Firm will also provide clients with a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement.

Receipt of Economic Benefit

IFM has arrangements in place whereby the Firm receives an economic benefit from a third party, such as Fidelity, in connection with the advice it provides to clients participating in the Program. Fidelity may provide the Firm with computer software and related systems support, which allow IFM to better monitor client accounts maintained at Fidelity. IFM may receive the software and related support without cost because IFM renders investment management services to clients that maintain assets at Fidelity. The software and related systems support may benefit IFM, but not its clients directly. In fulfilling its duties to its clients, IFM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that IFM's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence IFM's choice of one broker-dealer over another that does not furnish similar software, systems support, or services.

Specifically, IFM may receive the following benefits from Fidelity:

- A credit of up to \$350,000 to be used toward qualifying start-up and transition costs incurred during the first two years following the Firm's launch;
- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to an institutional trading desk;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information. .

Financial Information

IFM is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

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Prepared by:



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