

# Wrap Fee Program Brochure

January 2, 2015

## **tru Independence Wrap Fee Program**

*Sponsored By*

**tru Independence, LLC**

*a Registered Investment Adviser*

This brochure provides information about the qualifications and business practices of tru Independence, LLC (hereinafter “tru Independence” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed below. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

tru Independence, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

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## Item 2. Material Changes

In this Item, tru Independence is required to discuss any material changes that have been made to the brochure since the last annual amendment. As this brochure has been prepared in connection with the Firm's initial launch, there are no such materials changes to disclose.

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## Item 4. Services, Fees, and Compensation

The Firm launched its innovative platform in May 2014 to provide investment and operational support to the independent investment adviser community. Founded by its Principals, Craig P. Stuvland and Jay W. Penn, the Firm's goal is to empower its investment adviser partner firms to build and grow their advisory practices.

The tru Independence wrap fee program (the "Program") is offered to independent investment advisory firms, and is co-sponsored by tru Independence and Envestnet Asset Management, Inc. ("Envestnet") Prior to engaging tru Independence to provide services through the Program, each independent advisory firm is required to enter into a written agreement with tru Independence setting forth the terms and conditions under which the Firm renders its services (the "Agreement"). In addition, the advisory firms utilizing the Program generally enter into a separate advisory agreement with each of their own clients.

As this brochure has been prepared in connection with the Firm's initial launch, the Firm does not have any assets under management to report as of the date of this filing.

While this brochure generally describes the business of tru Independence, 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 tru Independence's behalf and are subject to the Firm's supervision or control.

### Description of the Program

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Investment advisers on the tru Independence platform have the ability to place their own clients in the Program. The Program provides these advisers with, among other things, access to independent investment managers ("Independent Managers") and various investment programs available through Envestnet, as well as operational support including billing and reporting services.

Each unaffiliated investment adviser is responsible for consulting with their own clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, investment objectives, liquidity constraints and other related factors relevant to the management of their portfolios. Each investment adviser is responsible for selecting the investment strategies and vehicles for their own clients including whether or not to utilize tru Independence's proprietary investment models or other investment programs offered by third-party service providers accessed through the tru Independence platform. tru Independence will not be responsible for conducting any initial or ongoing financial or suitability analysis with regard to the investment advisers' end-clients. Program participants should refer to the written Disclosure Brochure provided to them by their own investment adviser for further information.

## **Fees for Participation in the Program**

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Services are offered through the Program on a fee basis. The advisory fee charged by each independent investment adviser to their own clients will be negotiated separately between those parties. Program participants should refer to the Disclosure Brochure provided to them by their own investment adviser for further information regarding fees. In addition to any advisory fee paid, participants in the Program are also charged a separate fee which includes costs for custodial services, fees paid to Independent Managers, and fees paid to tru Independence and Envestnet for their services. tru Independence will also be paid a separate fee if the investment adviser selects tru Independence as one of the portfolio managers to provide investment management services to its end-clients (as described further below).

## **Fee Comparison**

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Services provided through the Program may cost clients more or less than purchasing these services separately, and fees paid for the Program may be higher or lower than fees charged by other sponsors of comparable wrap fee programs. Program participants should also refer to the Disclosure Brochure provided to them by their own investment adviser for further information regarding fees.

## **Fee Discretion**

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tru Independence, in its sole discretion, may negotiate to charge a lesser fee for its services based upon the scope and complexity of the engagement.

## **Other Charges**

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Clients participating in the Program may incur certain charges imposed by third parties in addition to the Program fees. These additional charges may include fees charged by Independent Managers, charges 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), redemption fees, fees associated with alternative products, 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.

## **Performance-Based Fees and Side-By-Side Management**

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tru Independence does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Compensation for Recommending the Program**

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

## **Additional Services**

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tru Independence also provides a separate service to investment advisers seeking to launch their own independent investment advisory firms. This offering provides these entrepreneurs with operational, administrative and consultative support aimed at helping them start their businesses. Specifically, tru Independence provides these unaffiliated investment advisers with access to various third-party services including custodial, investment, consultative, accounting, trading, reporting, insurance, marketing, public relations, and financing support aimed at helping them start their new advisory practices.

The terms and conditions of these engagements (including fees and services) are negotiated pursuant to a separate agreement.

## **Item 5. Account Requirements and Types of Clients**

### **Types of Clients**

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The Program is primarily made available to independent investment advisory firms for use by these advisers with their own clients.

### **No Minimum Account Requirements**

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tru Independence does not impose a stated minimum fee or minimum portfolio value for participation in the Program.

## **Item 6. Portfolio Manager Selection and Evaluation**

### **Portfolio Management Services and Methods of Analysis**

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Each investment adviser utilizing the Program has the discretion to choose which portfolio managers they will select for their own clients. They can select Independent Managers made available through Envestnet and other third-party service providers. They can also select tru Independence as an Independent Manager.

When acting as an Independent Manager, tru Independence generally manages accounts on a discretionary basis by allocating assets among other separate account managers. These other managers may utilize a variety of investment strategies and vehicles including, but not limited to, mutual funds, ETFs, individual debt and equity securities and alternative asset classes. tru Independence may also utilize a variety or combination of methods of analysis including fundamental, technical and cyclical methods.

When selecting other Independent Managers, tru Independence evaluates various information about the managers, which may include their public disclosure documents, materials supplied by the managers

themselves, and other third-party analyses it believes are reputable. To the extent possible, tru Independence also takes into consideration each manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other related factors.

tru Independence generally monitors the performance of the managers by reviewing information furnished by the 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. Program participants should compare all documentation they receive from their adviser or other third-party with the account statements they receive directly from the custodian, broker dealer or other financial institution responsible for their accounts.

### Risks of Loss

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#### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses. Moreover, each investment adviser utilizing the Program has the initial and ongoing responsibility to ensure the Program is appropriate for their own clients. The adviser has the discretion to choose which investment strategies and vehicles they will utilize for their clients, and there may be other risks associated with those strategies and products. Program participants should therefore refer to the Disclosure Brochure provided to them by their own investment adviser for further information regarding additional risks.

#### *Market Risks*

The profitability of a significant portion of tru Independence's recommendations as a portfolio manager may depend to a great extent upon correctly assessing the future course of price movements of securities. There can be no assurance that tru Independence will be able to predict those price movements accurately.

#### *Mutual Funds and 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 20,000 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.

### *Use of Private Collective Investment Vehicles*

Certain Program clients may invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Program participants should consult each fund's private placement memorandum and other offering documents explaining such risks prior to investing.

### *Use of Independent Managers*

When acting as a portfolio manager for the Program and recommending other managers, tru Independence continues to do ongoing due diligence of such managers, but such recommendations rely to a great extent on the managers' ability to successfully implement their own investment strategies. In addition, tru Independence generally may not have the ability to supervise the Independent Managers on a daily basis.

### **Voting of Client Securities**

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tru Independence does not accept the authority to vote proxies on behalf of Program participants. Each independent investment adviser will decide with their own clients whether they will take on this responsibility. Program participants should refer to the Disclosure Brochure provided to them by their own investment adviser for further information regarding proxy voting policies.



## **Item 7. Client Information Provided to Portfolio Managers**

Clients participating in the Program generally grant their own investment adviser and tru Independence the authority to discuss certain non-public information with the Independent Managers engaged to manage their accounts. Depending upon the specific arrangement, the investment adviser and tru Independence may be authorized to disclose various personal and financial information including: names, phone numbers, addresses, social security numbers, tax identification numbers, account numbers as well as information related to clients' financial positions and investment objectives. This information is communicated on an initial and ongoing basis, or as otherwise necessary to the management of the accounts.

## **Item 8. Client Contact with Portfolio Managers**

As stated above, each investment adviser has the discretion to choose which managers they will utilize for their own clients. They can select managers made available through Envestnet and other third-party service providers. They can also select tru Independence as a portfolio manager. Clients can generally contact the portfolio managers (including tru Independence) by providing their investment adviser with written request and identification of the questions or issues to be discussed. After receiving the client's written request, the adviser will work with tru Independence and/or the third-party service provider to arrange for the manager and the client to communicate directly.

## **Item 9. Additional Information**

### **Disciplinary Information**

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tru Independence 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**

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tru Independence also provides a separate service to investment advisers seeking to launch their own independent investment advisory firms. This offering provides these entrepreneurial firms with operational, administrative and consultative support aimed at helping them start their businesses. This arrangement is described in further detail in Item 4.

To effectuate this service, tru Independence has entered into a relationship with Fidelity Institutional Wealth Services ("Fidelity"). As part of this relationship, Fidelity provides tru Independence with financial transition support that tru Independence uses to assist the aforementioned advisory firms with launching their businesses. This relationship poses a conflict of interest, as the receipt of economic and other benefits from Fidelity creates an incentive for tru Independence to choose Fidelity for use by advisors on

its platform over other broker-dealers and custodians that do not furnish similar benefits. However, tru Independence reviews all of its service providers on an ongoing basis to make sure the relationships are appropriate for advisors and their clients.

### **Code of Ethics**

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tru Independence has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). The Firm's Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by the Firm or any of its associated persons. The Code of Ethics also requires that certain of tru Independence's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

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

### **Account Reviews**

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Each independent investment adviser is responsible for monitoring its own clients' investment portfolios and determining the frequency of account reviews. Program participants should refer to the Disclosure Brochure provided to them by their own investment adviser for further information regarding account reviews.

### **Account Statements and Reports**

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Program participants are generally provided with transaction confirmation notices and regular summary account statements directly from the broker-dealers and custodians of their accounts. Clients may also receive written or electronic reports from their adviser and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from any financial institutions with the reports they receive from their adviser or an outside service provider. Program participants should also refer to the Disclosure Brochure provided to them by their own investment adviser for further information regarding statements and reports.

### **Client Referrals and Other Compensation**

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tru Independence does not provide any direct or indirect compensation for client referrals, and has no other disclosures related to this Item.

### **Financial Information**

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tru Independence 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.

**tru Independence, LLC**  
*a Registered Investment Adviser*

Prepared by:



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*The Adviser's Advisor®*