

Innovest Portfolio Solutions, LLC

Form ADV Part 2A

The Brochure

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This Brochure provides information about the qualifications and business practices of Innovest Portfolio Solutions, LLC (“Innovest”). If you have any questions about the contents of this Brochure, please contact us at 303-694-1900. 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.

Innovest is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Innovest is also available on the SEC’s website at www.adviserinfo.gov

Item 2 - Material Changes

The date of our last Brochure was March 28, 2016.

Innovest's business activities have not changed materially since that date.

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Item 4 - Advisory Business

Innovest Portfolio Solutions, LLC (“Innovest”) is an independent, fee-only provider of investment consulting services to retirement plans, foundations and endowments, and high net worth individuals and families. Innovest is an investment adviser registered with the U. S. Securities and Exchange Commission. It is incorporated in the state of Colorado. Innovest was founded on July 1, 1996.

Innovest Holdings, Inc. owns 83% of Innovest. Richard M. Todd owns 53% of Innovest Holdings. Wendy Dominguez owns 25% of Innovest Holdings. Innovest Holdings is 100% employee owned.

Innovest provides consulting services to approximately 270 clients with assets totaling approximately \$17.7 billion.

Innovest advises the majority of its clients on a non-discretionary basis. Innovest does, however, exercise limited discretion in advising a few clients. Innovest assets under advisement for retainer clients as of December 31, 2016:

- Non-discretionary: \$17,700,000,000
- Discretionary: \$0

Innovest believes in building a partnership for success with our clients. Each client receives a custom solution and custom advice specific to the type of client (foundation/endowment, high-net-worth individual or retirement plan) and their guidelines and objectives. As the coordinator of each client’s investment program, we can be the single contact in the ongoing management of the client’s investments.

The full range of investment consulting services provided by Innovest includes:

- Comprehensive investment program review and detailed fee evaluation (provided at inception of the consulting relationship and as needed)
- Custodial evaluation and selection (as needed)
- Investment manager evaluation and selection (as needed)
- Investment policy development (review annually)
- Asset allocation review and modeling (review annually)
- Performance measurement, attribution, and reporting (quarterly)
- Ongoing monitoring (daily)
- Spending policy evaluation (annually and as needed)
- Portfolio accounting (daily and monthly)
- Alternative investment evaluation and selection (as needed)
- Technology assistance (as needed)
- Fiduciary and Trustee education and workshops (as needed)
- Retirement plan vendor selection (as needed)
- Cash flow planning for individuals and families (as needed)

Clients may impose restrictions on investing in certain securities or types of securities.

Item 5 - Fees and Compensation

Innovest is compensated on a fee-only basis. Innovest receives no compensation from any source other than the fees paid to it by its clients.

Innovest does not have a standard fee schedule for retainer clients. Fees are negotiated with each client and are dependent on the amount of work involved, complexity and any client-specific consulting needs. Fees can be either a percentage of assets or a fixed fee. Fees are payable in advance at the beginning of each calendar quarter. A client can choose to have fees deducted from assets under management or billed on a quarterly basis.

Either party may terminate the consulting agreement upon thirty (30) days written notice. If the agreement is terminated, the client will be refunded for pre-paid fees based on the termination notice period and actual services provided during the billing period.

Innovest's consulting fees do not include investment management fees, custody fees, transaction costs, retirement plan administrator costs or any fees charged by other service providers.

Fees for project engagements, as opposed to retainer engagements, will be negotiated on a case-by-case basis.

See Item 12 herein for Innovest's brokerage practices.

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

Innovest does not offer a performance-based fee structure.

Item 7 - Types of Clients

Innovest provides investment consulting services primarily to retirement plans, foundations and endowments, and high net worth individuals and families.

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

Innovest applies an innovative thought process with the objective of designing portfolios that provide our clients the opportunity to meet their goals while minimizing unnecessary volatility. Our approach to portfolio design and money manager selection emphasizes forward-looking analysis. Our investment philosophy and process have been structured on the following principles:

1. Over 90% of the variability of portfolio performance is attributable to asset allocation.
2. A forward-looking, thoughtful and methodical approach to asset allocation is imperative,
3. Quantifying the downside risk of a portfolio is the best way to communicate and measure portfolio volatility,
4. Proper benchmarking is critical in evaluating investment performance.

Innovest's investment philosophy and process is based on the following tenets:

Diversification

- Diversification is key to capital preservation
- Proper diversification can reduce investment risk
- Portfolios must be designed based on prudent assumptions and projections

Strategy

- Market inefficiencies can be exploited with active management
- Passive investment management may be appropriate in certain circumstances
- Utilize only proven strategies and managers
- Expenses and taxes should be minimized

Implementation

- Proper benchmarking is key to performance evaluation
- Consistent managers perform better in the long run
- Risk management is integral at every step and on every level

Innovest works with its clients to establish mutually agreed upon risk and return parameters for the investment portfolio. Innovest will advise the client subject to those risk and return parameters and subject to objectives, conditions and guidelines set forth in an Investment Policy Statement prepared for and approved by the client.

Innovest, through the asset allocation process, assists the client in the design of an investment portfolio consisting of asset classes. Innovest then assists the client in identifying investment managers to be employed to invest in those asset classes.

Investing in securities involves a risk of loss.

Item 9 - Disciplinary Information

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

Item 10 - Other Financial Industry Activities and Affiliations

Innovest and its management do not have any relationship or arrangement with any financial services company or other organization that creates a conflict of interest with respect to its clients.

Item 11 - Code of Ethics

Innovest has adopted a Code of Ethics that governs a number of potential conflicts of interests it or its employees might have when providing advisory services to its clients. This Code of Ethics is designed to ensure that we meet our fiduciary obligation to our clients and to establish a Culture of Compliance within our firm.

Our Code includes the following:

- Requirements related to the confidentiality of client information;
- Prohibitions on insider trading based on material, non-public information;
- Prohibitions on the acceptance of gifts and entertainment that exceed our policy standards;
- Pre-clearance of certain employee and firm transactions;
- Reporting quarterly all personal securities transactions involving reportable securities as mandated by regulation; and,
- Reporting annually by all employees to identify all accounts that hold securities in which they have a beneficial interest (e.g., accounts of members of the employee's household).

Innovest and its employees, to avoid any conflict of interest, do not have a financial interest in any security that they recommend to clients. Innovest does not recommend individual securities (e.g., separate stocks or bonds) to clients, which minimizes the potential for any conflict of interest.

Our Code is comprehensive, and distributed to each employee at the time of hire, and annually thereafter if there are changes. We also supplement the Code with annual training and ongoing monitoring of employee activity. Compliance with the Code is monitored by Innovest's Chief Compliance Officer.

Any client or prospective client may request a complete copy of our Code of Ethics.

Item 12 - Brokerage Practices

Innovest may, at the request of a client, recommend a custodian and/or broker-dealer. Recommendations are based on quality of client service and reporting, technological capability and costs. Ultimately, the decision rests with the client.

Innovest does not receive any compensation, revenue, soft dollar benefits or incentives from client brokerage.

Item 13 - Review of Accounts

Most Innovest clients have at least two consultants assigned to their accounts. Innovest consultants review client accounts quarterly and more often based on deposits, withdrawals or investment market performance.

For most clients, there is a quarterly meeting to review the client's performance report. Our custom written quarterly performance report is a comprehensive tool for communicating with clients each quarter. It covers macro-economic and investment market conditions, the client's investment policy goals, a

comparison of each client's actual asset allocation to the target allocation, total portfolio performance and detailed investment level information.

A comprehensive written report is provided to each client each quarter even if there is no in-person meeting.

Item 14 - Client Referrals and Other Compensation

Innovest does not receive any economic benefit, other than the consulting fees paid by its clients, for providing investment advice to its clients.

Innovest will, on limited occasions, compensate persons who have referred clients to Innovest by paying to such referrers a portion of the consulting fee paid by the referred client. All clients whose accounts are subject to referral fees will be fully informed in writing of the terms and conditions of the referral fee to be paid and consent in writing thereto in advance of the engagement. The consulting fee paid to Innovest will be the same amount whether or not the client became an Innovest client as a result of a referral.

Item 15 - Custody

Innovest has custody of client funds and securities solely because it has the ability, if the client chooses, to deduct its fees from the client's account. Client funds and securities are custodied at a qualified custodian. Qualified custodians used by Innovest clients are independent of Innovest and send quarterly, or more frequent, account statements directly to clients. Clients should carefully review those statements. Clients should also compare the account statements they receive from the qualified custodian to the account statements, such as the quarterly performance report, they receive from Innovest.

Item 16 - Investment Discretion

Innovest advises the majority of its clients on a non-discretionary basis. Innovest accepts limited discretion in advising on a small number of client accounts.

Item 17 - Voting Client Securities (i.e., Proxy Voting)

In certain circumstances, Innovest exercises authority to vote client securities at a client's direction. Innovest's voting process involves a third party that monitors client securities for proxy votes and automatic voting on those matters. The automatic voting is based on criteria developed by Glass Lewis, an independent corporate governance research firm, to favor investor interests. Consequently, Innovest's process precludes Innovest from voting in conflict with clients' interests. Clients for whom Innovest votes proxies may also direct Innovest to vote their securities. Upon request, clients who have delegated proxy voting to Innovest may obtain copies of Innovest's proxy voting policies and records of how their securities have been voted.

Clients for whom Innovest does not have delegated authority to vote proxies should expect to receive proxies from their custodian or a transfer agent, but not from Innovest. These clients may contact Innovest with questions about specific proxy solicitations.

Item 18 - Financial Information

Innovest has never filed for bankruptcy and is not aware of any financial condition that is reasonably likely to impair its ability meet its contractual commitments to clients.

