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This brochure provides information about the qualifications and business practices of Integrated Wealth Management, Inc. ("IWM", "our", "our firm", "we", or "us"). If you have any questions about the contents of this brochure, please contact us at 866-888-6563 or [john@iwmgmt.com](mailto:john@iwmgmt.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Integrated Wealth Management, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 106335.

## Item 2 Material Changes

Integrated Wealth Management, Inc. has experienced no material changes to its advisory operations since the date of its last annual amendment of this brochure.

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## Item 4 Advisory Business

Integrated Wealth Management, Inc. is a registered investment adviser with its principal place of business in the State of California. Registration with the Securities and Exchange Commission does not imply a certain level of skill or training. Integrated Wealth Management, Inc. began conducting business in 1995.

Listed below is the firm's principal shareholder (i.e., those individuals and/or entities controlling 25% or more of this company).

- James M. Casey, President & CEO

Integrated Wealth Management, Inc. offers the following advisory services to our clients:

### **INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's investment plan and create and manage a portfolio based on that plan. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Warrants
- Options
- Structured notes
- Corporate debt securities (other than commercial paper)
- Municipal bonds
- Commercial paper
- Certificates of deposit
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## INVESTMENT SUPERVISORY SERVICES MODEL PORTFOLIO MANAGEMENT

We can manage client accounts based on different model portfolios, each targeting a different level of downside risk and potential reward.

Through our research partner **Litman Gregory**, we have created these five model portfolios to manage client accounts:

**Defensive Balanced:** This is the most conservative portfolio. This portfolio is managed in an effort to limit losses to no more than 2.5% in any 12-month period, but we cannot guarantee that there won't be periods in which this threshold won't be exceeded. The default allocation to equities in this model is 20%, with 80% in fixed-income. This portfolio is most appropriate for investors for whom capital preservation is a high priority and who are uncomfortable with short-term risk.

**Conservative Balanced:** The portfolio is managed in an effort to limit a maximum loss in a 12-month period to no more than 5%, but we cannot guarantee that this threshold won't be exceeded. The default allocation to equities in this model is 40%, with 60% in fixed-income. This portfolio is most appropriate for investors who are uncomfortable with higher short-term risk and who value short-term capital preservation over higher long-term returns.

**Balanced:** This portfolio is managed in an effort to limit the maximum loss in a 12-month period to no more than 10%, but we cannot guarantee that this threshold won't be exceeded. The higher downside risk threshold allows this model to have more equity exposure than in the conservative balanced portfolio (a 60% default allocation to equities), while remaining relatively conservative. This portfolio is appropriate for investors who want to participate in the equity markets, but are still somewhat uncomfortable with short-term risk.

**Equity-Tilted Balanced:** This portfolio is managed in an effort to limit the maximum loss in a 12-month period to no more than 15%, but we cannot guarantee that this threshold won't be exceeded. This portfolio has a more aggressive 75% default allocation to equities, and is appropriate for investors who are willing to accept higher short-term risk in exchange for the likelihood of higher long-term returns than what are available from our more conservative portfolios.

**Equity:** This portfolio is, as a rule, a fully invested, global stock portfolio. Consequently the ups and downs of the portfolio's returns will be as wide as the equity market. Along with higher risk, we expect higher long-term returns than what are available from our other, less aggressive models. This portfolio is appropriate for investors with a long time horizon and no concerns about short-term risk.

Through our research partner **Dimensional Fund Advisors** (DFA) we have created these four model portfolios to manage client accounts: 30/70 Model, 60/40 Model, 80/20 Model, and the All Equity Model. We utilize their expertise in putting financial science to work for clients. DFA uses information in market prices throughout their investment process to build solutions that pursue higher expected returns. They gain insights about markets and returns from academic research, they structure portfolios along the dimensions of expected returns, and they add value by integrating research, portfolio management, and trading. Clients whose accounts we manage in a DFA model portfolio face risks which include:

- **Risks** include loss of principal and fluctuating value. Investment value will fluctuate, and shares, when redeemed, may be worth more or less than original cost.
- **Small and micro-cap** securities are subject to greater volatility than those in other asset categories.
- **International and emerging markets** investing involves special risks such as currency fluctuation and political instability. Investing in emerging markets may accentuate these risks.
- **Sector-specific investments** focus on a specific segment of the market, which can increase investment risks.
- **Fixed income securities** are subject to increased loss of principal during periods of rising interest rates. Fixed

income investments are subject to various other risks, including changes in credit quality, liquidity, prepayments, call risk, and other factors. Municipal securities are subject to the risks of adverse economic and regulatory changes in their issuing states.

- **Real estate investment** risks include changes in real estate values and property taxes, interest rates, cash flow of underlying real estate assets, supply and demand, and the management skill and creditworthiness of the issuer.
- **Sustainability funds** use environmental and social screens that may limit investment opportunities for the fund.
- **Commodities** include increased risks, such as political, economic, and currency instability, and may not be suitable for all investors. The Portfolio may be more volatile than a diversified fund because the Portfolio invests in a smaller number of issuers and commodity sectors.

Through our research partner **Morningstar, Inc.**, we have created three model portfolios to manage client accounts: Tortoise Portfolio, Hare Portfolio, and Dividend Select Portfolio.

- The Tortoise Portfolio includes more conservative recommendations. It aims to outperform the S&P 500 Index over a full market cycle while minimizing risk. It focuses on companies with wide moats, stable moat trends, and low or medium uncertainty. Historically, the Tortoise has lagged the S&P 500 in bull markets but outperformed significantly in bear markets.
- The Hare Portfolio includes more aggressive picks. It aims to outperform the S&P 500 Index over a full market cycle. Companies in this portfolio tend to be faster-growing, with both higher risk and higher return potential than those in the Tortoise. It focuses on companies with wide or narrow moats, positive or stable moat trends, and medium or high uncertainty.
- The Dividend Select portfolio seeks stocks that provide large and reliable dividends that grow over time. It generally holds 22–28 individual stocks, drawn from at least several different sectors of the economy. This range is large enough to prevent any one adverse outcome from having a devastating impact on income or capital, but small enough to be manageable for an individual investor to research and monitor. The portfolio will typically be composed mostly of domestic common stocks, with smaller amounts of capital allocated to foreign common stocks, real estate investment trusts, and master limited partnerships. Stocks with high yields can carry other kinds of risks: their dividends might fail to grow, or may even be cut. In particular, very high yields—typically 8 % and up—suggest that the dividend is not sustainable for the long run.

### INVESTMENT SUPERVISORY SERVICES THIRD-PARTY INVESTMENT MANAGERS (SUB-ADVISERS)

Our firm supplements our own research capabilities with the expertise of several third-party investment management firms (sub-advisers) to manage client accounts. We will typically engage the services of a sub-adviser when we believe the sub-adviser has developed an expertise in an asset class (e.g. municipal bonds or fixed income) or investment strategy that complements our investment strategy and is in the best interest of the client. The sub-advisers we currently use are Nuveen Asset Management, Pacific Investment Management Company (PIMCO), ThomasPartners, and Preston Wealth Advisors. We are not affiliated with these or any sub-advisers and have delegated discretion to buy, sell or otherwise effect transactions in client accounts to them.

### RETIREMENT PLANNING FOR BUSINESS OWNERS

We provide a comprehensive approach to designing, managing and administering 401(k) plans for businesses. Our process starts with gathering information and analyzing the administrative components of your plan to identify areas where we can enhance your efforts or completely take over. We provide ongoing education on the importance of participating in the plan, handle the plan enrollment process and provide financial planning services.

We are committed to creating a positive experience for your employees through ongoing education, empowering them to know who they can turn to when they have questions, and equipping them with the right tools for retirement. For existing plans, we perform an analysis that provides you a simple side by side comparison of your existing 401(k) plan with the most optimal plan for tax and retirement savings. Our analysis will tell you if you are current and in good standing or what you need to do to get and remain compliant with ERISA, IRS and Department of Labor regulations. We help you select the best service providers for your plan and make sure you understand the role they play on your team.

Retirement planning services we provide for business owners include:

- 401(k) Plans
- Plan Design & Implementation
- Employee Education and Participation Programs
- Profit Sharing and Safe-Harbor Plans
- Defined Benefit Plans
- Health, Dental and Vision Insurance
- ERISA and IRS Code 404(c) Compliance
- Fiduciary Services – ERISA Section 3(21)
- Personal Client Service Representatives
- Asset Allocation Statements
- Ongoing Monitoring & Reporting

## FINANCIAL PLANNING

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **Personal.** We review family records, budgeting, personal liability, estate information and financial goals.
- **Tax & Cash Flow.** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **Investments.** We analyze investment alternatives and their effect on the client's portfolio.
- **Insurance.** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **Retirement.** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **Death & Disability.** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **Estate.** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk.

We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that include tax and budgetary planning, estate planning and business planning.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided. Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### **ADDITIONAL SERVICES OFFERED**

Integrated Wealth Management also offers a variety of other services to individuals, including: Retirement Planning, IRAs/401(k) Plans, Retirement Income Distribution Strategies, Estate Planning Services, College Savings Programs, Life and Long Term Care Insurance, Tax Planning, Fiduciary Services, Portfolio Design and Implementation, Portfolio Monitoring & Reporting, and LGBT Client Planning. For individuals, businesses, and non-profit organizations we offer: Property and Casualty Insurance, Life Insurance, Disability Insurance, Business Liability Insurance, Employee Benefits, Health and Long Term Disability Insurance, and Worker's Compensation. Integrated Wealth Management can refer clients to a firm providing home mortgage and refinance services.

### **AMOUNT OF MANAGED ASSETS**

As of December 31, 2016, we were managing \$1,205,700,000 of clients' assets, of which \$783,800,000 was on a discretionary basis and \$421,900,000 was on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **INVESTMENT SUPERVISORY SERVICES**

Our annual fees for Investment Supervisory Services are based upon a percentage of assets under management and generally range from 1.60% to 0.75%. Our fee is calculated based on the average of the daily account balances for the ninety days in the calendar quarter and are collected in arrears after the end of the quarter.

**Limited Negotiability of Advisory Fees:** We retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition and reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client. We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. A flat fee schedule instead of a fee based on a percentage of assets under management can also be arranged with the client. Similar services may be obtained from other advisers at a lower cost.

If we have engaged the services of a third-party investment management firm (sub-adviser) to manage a client's account, the sub-adviser charges a fee for their investment advisory services. The sub-adviser's fee varies based on the investment strategy provided. Their fee may appear as a separate line item on the client's monthly statement from the custodian, or it may be part of our advisory fee. These fees will be clearly identified on the client's monthly statement from the custodian.



## RETIREMENT PLANNING FOR BUSINESS OWNERS

As mentioned in Item 4 (Advisory Business) we design, manage and administer 401(k) plans for businesses, provide education, handle the plan enrollment process, and provide financial planning services to plan participants. For these services we earn a fee which is deducted from the balance of the 401(k) plan. Our fee is negotiable and is based on the month-end balance of the 401(k) plan. Our annual fee ranges from 0.5% to 1.0%.

## FINANCIAL PLANNING FEES

Integrated Wealth Management, Inc.'s Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning fees are calculated and charged on a fixed fee basis, typically ranging from \$795 to \$5,000, depending on the specific arrangement reached with the client. To meet the needs of some clients we also offer a subscription-based plan in which a one-time commitment fee is collected, followed by a monthly subscription fee that varies based on the length of the subscription (either 12 or 18 months).

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will not exceed \$1,200 for work that will not be completed within six months. The balance is due upon completion of the plan.

## GENERAL INFORMATION

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided upon termination of any account. Any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

**Mutual Fund Fees:** All fees paid to Integrated Wealth Management, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. Whenever possible, IWM will purchase for clients the Institutional share class of a mutual fund, which has the lowest annual expenses of any class of shares. Institutional class shares typically have high minimum investment levels and are only available to institutional investors such as IWM. Lower fund expenses mean higher returns.

**Wrap Fee Programs and Separately Managed Account Fees:** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement (which we currently do not offer), clients pay a single fee for advisory, brokerage and custodial services. A client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.



**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this brochure for additional information.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to Integrated Wealth Management, Inc.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** Integrated Wealth Management, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. We do not charge advisory fees for investment advice about products or services in addition to receiving commissions or 12b-1 fees on those products or services. For the ERISA accounts IWM manages, we have provided the Plan Sponsors the separate Fee Disclosures as required under ERISA Section 408(b)(2).

**Advisory Fees in General:** Clients should note that similar advisory services may be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** We do not require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

Integrated Wealth Management, Inc. does not charge performance-based fees.

## Item 7 Types of Clients

Integrated Wealth Management, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans
- Plan Participants
- Charitable organizations
- Corporations or other businesses not listed above

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

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management

of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Analysis provided by research partners.** We incorporate research provided by different research providers including Litman Gregory, Morningstar and Dimensional Fund Advisors to create model portfolios. Additionally, we use economic, market, and industry research provided by a large variety of other sources including Bloomberg, Goldman Sachs, and Zephyr.

**Analysis of Mutual Funds.** We and our research partners select mutual funds based on various criteria, including: the fund's risk-adjusted performance history and consistency, the track record of the mutual fund's investment manager, the sector or industry covered by the mutual fund, the mutual fund's investment objectives, the mutual fund's expenses, the investment management firm's background and history, and the management style and philosophy of the fund's investment manager.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the different strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

## RISK OF LOSS

***Securities investments are not guaranteed and you may lose money on your investments. Your Financial Advisor will work with you to understand your tolerance for risk and your investment objectives. We cannot predict future results or insulate you or your account from loss. Past performance is no guarantee of future results. We cannot guarantee your goals or investment objectives will be met. Investing in securities involves risk of loss that you should be prepared to bear.***

Other usual material risks relating to investments include, but are not limited to the following:

**Credit Risk.** Debt obligations are subject to the risk of non-payment of scheduled principal and interest. Changes in economic conditions or other circumstances may reduce the ability of the party obligated to make principal and interest payments on such instruments and may lead to defaults. Such non-payments and defaults may reduce the value of a client's account. The value of a fixed income security may also decline because of concerns about the issuer's ability to make principal and interest payments. In addition, the credit ratings of debt obligations may be lowered if the financial condition of the party obligated to make payments changes. Credit ratings assigned by rating agencies are based on a number of factors and do not necessarily reflect the issuer's current financial condition or the volatility or liquidity of the security. In the event of bankruptcy of the issuer of debt obligations, a client's account could experience delays or limitations with respect to its ability to realize the benefits of any collateral securing the instrument.

**Equity Risk.** Client accounts may be sensitive to stock market volatility and some stocks within a client's account may be more volatile than the market as a whole. The value of stocks and related instruments may decline in response to conditions affecting the general economy, overall market changes, political, social or economic instability, interest rate fluctuations, and issuer or sector specific events. Market conditions may affect certain types of stocks more than other types of stocks. If the stock market declines, the value of a portfolio will also likely decline. Although stock values can rebound, there is no assurance that values will return to previous levels.

**ETF Risk.** Investing in an exchange-traded fund (ETF) exposes a client's account to all of the risks of that ETF's investments and subjects it to a pro rata portion of the ETF's fees and expenses. As a result, the cost of investing in ETF shares may exceed the cost of investing directly in its underlying investments. ETF shares trade on an exchange at a market price which may vary from the ETF's net asset value. ETFs may be purchased at prices that exceed the net asset value of their underlying investments and may be sold at prices below such net asset value. Because the market price of ETF shares depends on market demand, the market price of an ETF may be more volatile than the underlying portfolio of securities the ETF is designed to track. A client's account may not be able to liquidate ETF holdings at the time and price desired.

**General Investing Risks.** Most investment strategies are not intended to be a complete investment program. Clients generally should have a long-term investment perspective and be able to tolerate potentially sharp declines in value and/or investment losses. Investment advisors, other market participants and many securities markets are subject to rules and regulations and the jurisdiction of one or more regulators. Changes to applicable rules and regulations could have an adverse effect on securities markets and market participants, as well as on the ability to execute a particular investment strategy.

**Interest Rate Risk.** The general rule is that if interest rates rise, the market prices of debt securities will usually decrease and vice versa. Securities with longer maturities are more sensitive to changes in interest rates than securities with shorter maturities, making them more volatile. A rising interest rate environment may extend the average life of mortgages or other asset-backed receivables underlying mortgage-backed or asset-backed securities. This extension increases the risk of depreciation due to future increases in market interest rates. A strategy that is managed toward an income objective may hold securities with longer maturities and therefore be more exposed to interest rate risk than a strategy focused on total return.

**Liquidity Risk.** A particular security or other instrument can become difficult to trade. An illiquid asset may reduce the returns because the investor is not able to sell the assets at the time desired for an acceptable price, or is not able to sell the assets at all.

**Market Risk.** Economic and other events can reduce the demand for certain securities or for investments generally, which may reduce market prices and cause the value of a client portfolio to fall. The frequency and magnitude of such changes cannot be predicted. Certain securities can experience downturns in trading activity and, at such times, the supply of such instruments in the market may exceed the demand. At other times, the demand for such instruments may exceed the supply in the market. An imbalance in supply and demand in the market may result in valuation uncertainties and greater volatility, less liquidity, widening credit spreads and a lack of price transparency in the market. No active trading market may exist for certain investments, which may impair our ability to sell or to realize the full value of such investments in the event of the need to liquidate such assets.

Adverse market conditions may impair the liquidity of some actively traded investments. Market risk exists in all types of investments.

**Mutual Fund Risk.** The level of risk in a mutual fund depends on what it invests in. Usually, the higher the potential returns, the higher the risk will be. For example, equities are generally riskier than fixed income, so an equity fund tends to be riskier than a fixed income fund. Mutual funds are subject to risks including credit, currency, default, inflation, interest rate, liquidity, political and price. Certain mutual funds may use leverage to achieve returns. The use of leverage may have the effect of disproportionately increasing an account's exposure to the market. Leverage will tend to magnify both the positive impact of successful investment decisions and the negative impact of unsuccessful investment decisions on an account's performance. In addition, investors in a mutual fund don't have a choice regarding capital gains payouts. As a result of the turnover, redemptions, and gains and losses in security holdings during the year, investors will usually receive distributions from a mutual fund that cannot be controlled.

**Tax Risk.** The tax treatment of investments held in a client's account may be adversely affected by future tax legislation, Treasury Regulations and/or guidance issued by the Internal Revenue Service that could affect the character, timing, and/or amount of taxable income or gains attributable to an account. Income from tax-exempt municipal obligations could be declared taxable because of unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or non-compliant conduct of a bond issuer.

## Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

## Item 10 Other Financial Industry Activities and Affiliations

Financial advisors of Integrated Wealth Management, Inc. are separately licensed as registered representatives of Purshe Kaplan Sterling Investments (member of FINRA/SIPC). Purshe Kaplan Sterling Investments and Integrated Wealth Management are not affiliated companies. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation.

While Integrated Wealth Management, Inc. and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Financial advisors of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Clients should be aware that the receipt of additional compensation by Integrated Wealth Management, Inc. and its financial advisors creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Integrated Wealth Management, Inc. endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser. We take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and individuals associated with our firm to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from individuals associated with our firm or affiliated companies;

- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- we review each client to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that individuals associated with our firm seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate individuals associated with our firm regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

## **Item 11 Code of Ethics, Participation in Client Transactions and Personal Trading**

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of individuals associated with our firm, including compliance with applicable federal securities laws. Integrated Wealth Management, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering ("IPO"). Our code also provides for oversight, enforcement and recordkeeping provisions.

Integrated Wealth Management, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all individuals associated with our firm are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [john@iwmgmt.com](mailto:john@iwmgmt.com) or by calling us at 866-888-6563.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of individuals associated with your firm will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing individuals associated with our firm to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security or securities which may also be recommended to a client.

It is the expressed policy of our firm that no person associated with us may purchase or sell securities prior to a transaction(s) being implemented for an advisory account if doing so would allow such individual(s) to benefit from transactions placed on behalf of advisory accounts.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No individual associated with our firm may put his or her own interest above the interest of an advisory client.
2. No individual associated with our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is

- also available to the investing public.
3. It is the expressed policy of our firm that no person associated with us may purchase or sell a security prior to a transaction(s) being implemented for an advisory account if such individual benefits from transactions placed on behalf of advisory accounts.
  4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
  5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person").
  6. We have established procedures for the maintenance of all required books and records.
  7. All individuals associated with our firm must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
  8. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
  9. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
  10. Any individual who violates any of the above restrictions may be subject to termination.
  11. As disclosed in the preceding section of this brochure (Item 10), related persons of our firm are separately registered as securities representatives of a broker-dealer and/or licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

## Item 12 Brokerage Practices

### The Custodian and Brokers We Use

Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. IWM recommends our clients use Charles Schwab & Co., Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as the custodian/broker for your brokerage account, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described in the next paragraph. Integrated Wealth Management offers certain qualified clients trading services which gives us the ability to execute trades through Purshe Kaplan Sterling Investments ("PKS") or other third-party brokerage firms and have the client assets held at Schwab. PKS is a FINRA-registered broker-dealer, member SIPC. Integrated Wealth Management and Purshe Kaplan Sterling Investments are not affiliated companies.

### Prime Brokerage

Our firm participates in prime brokerage services provided by PKS. As the introducing prime broker, PKS shall transmit orders to National Financial Services, LLC ("NFS") for the execution of trades. NFS will clear our prime brokerage transactions in a PKS broker-dealer account established in the name of Schwab and designated for our client account holders to the account allocation established at our master account at Schwab.

Pursuant to our prime brokerage services agreement, our firm will transmit to Schwab and PKS all of the details of each prime brokerage transaction to be cleared by NFS, including, but not limited to, contract amount, the security involved, the number of shares or unites, and whether the transaction was a long or short sale or a purchase.

### How We Select Brokers/Custodians

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)



- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (see *“Products and Services Available to Us from Schwab”*)

### **Your Custody and Brokerage Costs**

For our clients' accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab's commission rates applicable to our client accounts were negotiated based on our commitment to maintain \$10 million of our clients' assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be if IWM had not made the commitment. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we generally have Schwab execute trades for your account.

### **Trade Away Transactions and Associated Costs**

As discussed in the previous paragraph, we may execute trades for your account with a broker-dealer other than Schwab (a “trade away” transaction). If a trade is executed at a broker-dealer other than Schwab and the security is subsequently transferred to the client's account at Schwab, IWM will not charge an advisory fee on the value of that asset. If we use a third-party brokerage firm to do trade away transactions in order to achieve best execution, commissions are netted into the price received for the security and won't be reflected as a separate item on client trade confirmations. In an effort to keep clients fully informed of trading costs impacting their accounts, we will send clients periodic reports with details of any commissions associated with trade away transactions done in their accounts.

### **Products and Services Available to Us from Schwab**

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like Integrated Wealth Management. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. Here is a more detailed description of Schwab's support services:

#### Services that Benefit You

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which IWM might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

#### Services that May Not Directly Benefit You

Schwab also makes available to IWM other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We use this research to service all or



some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

#### Services that Generally Benefit Only IWM

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to IWM. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide IWM with other benefits such as occasional business entertainment of our personnel and contributions to nonprofit organizations as defined in Section 501(c)(3) of the United States Internal Revenue Code, at IWM's request.

#### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits IWM because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab or transfer it to Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of IWM's clients. It is primarily supported by the scope, quality and price of Schwab's services and not Schwab's services that benefit only us. We have approximately \$1.2 billion in client assets under management, and do not believe that maintaining at least \$10 million of those assets at Schwab in order to avoid paying Schwab's quarterly service fees presents a material conflict of interest.

#### **Soft Dollar Research Agreement**

IWM has a soft dollar research agreement in place in which Schwab Advisor Services provides us with brokerage and/or research services as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934. Under the terms of this agreement, Schwab helps offset the cost for the acceptable research and brokerage products and services that we use in the management of your account and all client accounts. These research products include Morningstar, eMoney, and Tamarac Advisor View. We receive a benefit from this soft dollar arrangement because we don't pay the full cost of the research service. In recognition of Schwab providing this research to IWM, we have agreed, on a best effort basis consistent with our duty to seek best execution, to place equity transactions with Schwab which will generate commissions to defray the costs of providing this research. The volume of transactions we effect with Schwab in client accounts is based solely on our clients' needs and not by any desire on our part to generate commissions to pay for this research. It is IWM's sole responsibility to place trades with Schwab in a manner consistent with our fiduciary duties to our clients.

## **Item 13 Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT AND MODEL PORTFOLIO MANAGEMENT**

**REVIEWS:** We provide clients with research services with reference to individual money managers and mutual

funds thought to be of interest to clients based on established investment objectives and goals. Such services are provided when IWM deems particular information to be relevant to the account and at the request of the client. All other clients receive quarterly performance reports. Accounts are reviewed by the client's financial advisor.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their custodian/broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings. These quarterly reports are provided upon request by the client.

## FINANCIAL PLANNING SERVICES

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

## Item 14 Client Referrals and Other Compensation

It is Integrated Wealth Management, Inc.'s policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm. We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## Item 15 Custody

Under government regulations, IWM is deemed to have custody of your assets if you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements to the periodic portfolio reports you will receive from IWM.

## Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

1. determine the security to buy or sell; and/or
2. determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

As a matter of firm policy and practice, IWM does not accept the authority to and does not vote proxies on behalf of its advisory clients. Clients retain the exclusive responsibility for receiving and voting proxies for any and all securities maintained in their portfolios. Clients will receive applicable proxies and solicitation material directly from their account custodian or the issuer of securities held in their accounts. IWM will make arrangements for this material to be delivered to the client, at the client's request.

## **Item 18 Financial Information**

We do not require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for clients, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Integrated Wealth Management, Inc. has no additional financial circumstances to report.

Integrated Wealth Management, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.