

Item 1 – Cover Page

**1st Source Corporation Investment
Advisors, Inc.**

100 North Michigan Street

South Bend, IN 46601

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www.1stsource.com

March 2016

Form ADV, Part 2; our “Disclosure Brochure” or “Brochure” is a very important document between Clients (you, your) and 1st Source Corporation Investment Advisors, Inc. (1st Source, us, we, our). Our IARD firm number is 111331.

This Brochure provides information about our qualifications and business practices. If you have any questions about the contents of this brochure, please contact us at (574) 235-2756. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

We are a registered investment adviser with the Securities and Exchange Commission. Our registration as an Investment Adviser does not imply any level of skill or training. Additional information about 1st Source also is available on the SEC’s website at www.adviserinfo.sec.gov (click on the link, select “investment adviser firm” and type in our firm name). The results will provide you with both Parts 1 and 2 of our Form ADV.

Item 2 – Material Changes

The only material change to report since the last annual filing of our Form ADV Part 2 or “Disclosure Brochure”, dated March 2015 is the disclosures of soft dollar arrangements and minor adjustments made in Item 12. We also updated our assets under management and the fees paid by the Bank to us. This document was developed in response to new requirements adopted and imposed by SEC under the Investment Advisers Act of 1940 (Advisers Act).

1. In future filings this section of the Disclosure Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this Disclosure Brochure on the SEC’s public disclosure website (IAPD) at www.adviserinfo.sec.gov.
2. We may, at any time, update this Disclosure Brochure and send a copy to you including a summary of material changes, or a summary of material changes that includes an offer to send you a copy [either by electronic means (email) or in hard copy form].
3. If you would like another copy of this Disclosure Brochure, please download it from the SEC website as indicated above or you may contact our Chief Compliance Officer, Tamara Simon at (574) 235-2628 or via email at Simont@1stsource.com.

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Item 4 – Advisory Business

1st Source Corporation Investment Advisors, Inc. (1st Source, us, we, our) is a corporation organized under the laws of the State of Indiana since January 26, 2001, and wholly owned by 1st Source Bank. We are registered as an investment adviser with the U. S. Securities and Exchange Commission since March 22, 2001 and notice filed as an investment adviser with the States of Indiana and Michigan since March 22, 2001, in order to provide the investment advisory products and services described within this document. As of December 31, 2015, we have 2 clients with \$2,993,184,627 of assets under management.

This Disclosure Brochure provides you with information regarding our qualifications, business practices, and the nature of advisory services that should be considered before becoming our advisory client. Please contact Tamara Simon, Chief Compliance Officer, if you have any questions about this Brochure.

Individuals associated with us will provide our investment advisory services. These individuals are appropriately licensed and qualified to provide advisory services on our behalf with a college degree, may have or be working toward a professional designation such as a CFA or CFP and are required to be properly licensed and registered, unless exempted, in states in which such individuals are conducting investment advisory activities.

We offer investment advisory services to our affiliated bank, 1st Source Bank, investment companies, and to state or municipal government entities.

Below is a description of the investment advisory services we offer. For more detail on any product or service please reference your advisory agreement or contact your 1st Source Investment Advisory Representative (“IAR”).

Investment Supervisory Services

We provide investment supervisory services to you based upon your investment objectives, risk tolerance and other suitability factors. We serve as sub-adviser to the Wasatch - 1st Source Income Fund and provide asset management services to 1st Source Bank in its capacity as a fiduciary.

Investment Company Portfolios

The Registrant serves as the sub-adviser to portfolios of the Wasatch – 1st Source Income Fund through its sub-advisory arrangement with Wasatch Advisors Inc., a non-affiliated SEC registered investment adviser. Wasatch Advisors Inc. is investment adviser to Wasatch - 1st Source Income Fund.

1st Source Bank Service

We have entered into an Intercompany Service Agreement with 1st Source Bank (“Bank”) whereby we agree to provide the Bank with investment advisory services, as needed, to assist the Bank in the investment and administration needs of its Personal Trust and Retirement Plan Service lines of business. We agree to provide these investment advisory services to the Bank on an annual retainer basis.

All your assets will be held by the custodian of your account. We will not hold client funds or securities. 1st Source Bank, our affiliate, may hold customer funds or securities in its capacity as a fiduciary. The relationship between us and 1st Source Bank does not provide our personnel greater access to, or control over our property than if an unrelated custodian held such property.

Item 5 – Fees and Compensation

General Account Characteristics

Listed below are general characteristics regarding basic management fee structures, “other” fees incurred, discretionary authority, payment of fees, termination of contracts, and any unique account characteristics that will affect your accounts.

Fee Schedule

The fee which we receive for serving as the sub-adviser to the Wasatch – 1st Source Income Fund is currently equal to 0.28% of the Fund’s daily net assets.

Fees for institutional Accounts are as follows:

<u>Account Size</u>	<u>Annual Fee</u>
\$ 0 - \$1,000,000	1.00%
\$1,000,000 - \$2,000,000	0.90%
\$2,000,000 and up	0.60%

1st Source Bank Service

The Bank agrees to pay us \$1,607,471 in twelve equal installments of \$133,956 for investment advisory services provided to the Personal Trust and Retirement Plan Services lines of business of the Bank. We shall be entitled to receive compensation on a pro-rata basis each month for the investment advisory services provided to the Bank. The annual retainer charged shall be adjusted from time to time by mutual consent of the parties, to result in continued fair and reasonable compensation to us.

Upon request, the Bank agrees to provide us office space; to the extent such space is available, for the transaction of our business at such location mutually agreed upon by the Bank and us.

Payment of Fees

The fees we receive as the sub-adviser to the Wasatch – 1st Source Income Fund is paid monthly in arrears, pursuant to an investment advisory contract between us and Wasatch Advisors Inc.

We hereby agree to pay the Bank a mutually agreed upon amount per year for the use of such office space which payment will include compensation for office space, utilities (other than telephone), and will allow for access to other portions of the premises where

the Bank is located, as may be required for our needs. We agree to pay the Bank the agreed upon annual amount for office space in twelve equal monthly installments.

We hereby agree to make a net settlement with the Bank, within ten (10) days of each month-end, for the net amount due giving consideration of the compensation due to the Bank for the facilities, services and expenses paid on our behalf for the prior month, and the pro-rata monthly retainer due to us for investment advisory services.

Other Fees

Investment adviser fees charged are separate and distinct from other fees and expenses charged by mutual funds that we might recommend to you. These fees and expenses include fees paid to third parties other than our fees. A description of these and all other fees and expenses are available in each mutual fund's prospectus.

Termination of Contracts

Either party may terminate this Agreement at any time upon two (2) months prior written notice to the other party. Unless terminated sooner, this Agreement shall be in effect for one (1) year. At the expiration of the one-year term, and of any succeeding one-year term, this Agreement shall automatically be renewed and extended for another one-year term, unless either party notifies the other in writing of its intention not to renew or extend this Agreement.

We will deliver the applicable disclosure brochure(s) or Form ADV Part 2 to you before or at the time we enter into an investment advisory contract with you.

Detailed information on the termination terms and fees can be found in the applicable advisory agreement.

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

We do not charge advisory fees on a share of the capital gains or capital appreciation of the funds or securities in a client account (so-called performance based fees). Our compensation structure is disclosed in detail in Item 5 above.

Item 7 – Types of Clients

We offer investment advisory services our affiliated bank, 1st Source Bank, investment companies, and to state or municipal government entities.

The minimum investment to open an account for the Wasatch – 1st Source Income Fund is \$2,000.

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

As described in Item 4 above, 1st Source's investment strategies may include long term buy and hold and short-term trading strategies. We utilize a variety of securities, including but not limited to, equities, bonds, U.S. governments, municipals, mutual funds (including closed-end funds), unit investment trusts (UITs). Generally, all purchases of securities are recommended for long term holding periods. For some clients, shorter term holding periods may be valid to achieve certain goals. At your specific request, securities may be purchased on margin. Certain clients maintain margin loans for purchase of investments or other purposes. Option strategies are not recommended, but will be executed on your specific request. Selling covered calls may be utilized upon your request.

In determining the investment advice to give to you, we will analyze the financial condition and management of a business as well as the overall economy and industry conditions that can affect the security's value to determine the business' underlying value and potential for future growth. Based on this analysis, we will determine if such security meets your needs and objectives. We will take into consideration when making investment decisions the stages of the business during a given point in time.

There are inherent risks involved for each investment strategy or method of analysis 1st Source uses and the particular type of security we recommend. Investing in securities involves risk of loss which you should be prepared to bear.

Item 9 – Disciplinary Information

We do not have any legal, financial or other “disciplinary” item to report. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a client/adviser relationship, or to continue such a relationship with us.

Item 10 – Other Financial Industry Activities and Affiliations

Neither 1st Source nor any of our management persons are registered, or have an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or as an associated person (or registered representative) of the foregoing entities.

We are a wholly owned subsidiary of 1st Source Bank, an Indiana bank headquartered in South Bend, Indiana, which is a wholly owned subsidiary of 1st Source Corporation, a publicly held bank holding company. 1st Source Bank has contracted to obtain investment management services from us on behalf of itself in its fiduciary capacity.

Steven J. Wessell, our Director, manages the Trust function for 1st Source Bank in his capacity as a bank employee. Mr. Wessell will spend approximately 80% of his time managing the trust function and approximately 20% of his time on matters relating to the Registrant.

Two other directors of 1st Source are also employed with 1st Source Bank, but are not involved in making investment recommendations on our behalf.

We are affiliated with 1st Source Insurance, Inc. and Washington and Michigan Insurance Inc., both registered insurance agencies. They are a wholly owned subsidiary of 1st Source Bank that provides insurance services to individuals and businesses covering corporate and personal property products, casualty insurance products, and individual and group health and life insurance products.

Certain IARs are licensed to sell insurance products. 1st Source Insurance, Inc. and Washington and Michigan Insurance Inc., as well as the appropriately licensed IARs, will receive compensation for the sale of such products. You are under no obligation to purchase insurance products through any particular insurance agency or IAR and may effect any such transactions where you desire.

In addition, neither 1st Source nor any of our management persons have any relationship or arrangement that is material to our advisory business or to our clients that 1st Source or any of our management persons have with any related person that is, under common control and ownership, a:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker,
- Investment Company or other pooled investment vehicle,

- Futures commission merchant (or commodity pool operator or commodity trading advisor),
- Accountant or accounting firm,
- Lawyer or law firm,
- Pension consultant,
- Real estate broker or dealer, or
- Sponsor or syndicator of limited partnerships.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Our firm has adopted a written Code of Ethics in compliance with SEC Rule 204A-1 under the Investment Advisers Act of 1940 (as amended—the Advisers Act) and in compliance with state regulations. All employees of 1st Source are deemed by the Advisers Act to be supervised persons¹ and are therefore subject to this Code of Ethics. In carrying on its daily affairs, 1st Source and all of our associated persons shall act in a fair, lawful and ethical manner, in accordance with the rules and regulations imposed by our governing regulatory authority. The Code of Ethics sets forth standards of conduct and requires compliance with state securities laws. Our Code of Ethics also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to our Chief Compliance Officer. We will provide a copy of our Code of Ethics to you or any prospective client upon request within a reasonable period of time at the current address of record.

We have created a Code of Ethics which establishes standards and procedures for the detection and prevention of certain conflicts of interest including activities by which persons having knowledge of the investments and investment intentions of 1st Source might take advantage of that knowledge for their own benefit. We have in place Ethics Rules (the “Rules”), which are comprised of the Code of Ethics and Insider Trading policies and procedures. The Rules are designed to ensure that our personnel (i) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; (ii) at all times place your interests first; (iii) disclose all actual or potential conflicts; (iv) adhere to the highest standards of loyalty, candor and care in all matters relating to you; (v) conduct all personal trading consistent with the Rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and (vi) not use any material non-public information in securities trading. The Rules also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

¹ Supervised person means any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser.

Under the general prohibitions of the Rules, our personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by any client; and 4) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of the Rules.

Our personnel are required to conduct their personal investment activities in a manner that we believe is not detrimental to you. Our personnel are not permitted to transact in securities except under circumstances specified in the Code of Ethics. However, as described below, there may be circumstances where our personnel may buy and sell on your behalf, securities of issuers or other investments in which they own securities or otherwise have an interest. The policy requires all Access Persons² to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for compliance with the Code of Ethics. The Ethics Rules are available to you and prospective clients upon request by contacting us during regular business hours. We will furnish a copy within a reasonable period of time to you at your current address of record.

Our associated persons may buy or sell for their own account securities that we recommend to you. We have adopted a Code of Ethics which governs personal trading by virtually all associated persons of the Registrant and is intended to ensure that securities transactions effected by our associated persons are conducted in a manner that avoids any actual or potential conflict of interest between such persons and our clients. The Code imposes restrictions on the ability of our associated persons to trade in securities which are, or are being considered for purchase or sale by, or on our behalf of and requires us to collect and maintain records of securities holdings and securities transactions effected on behalf of our associated persons. These records are reviewed to identify and resolve conflicts of interest.

We do not nor a related person recommends to you, or buys or sells for your accounts, securities in which we (or a related person) have a material financial interest.

We do not, nor does a related person, recommend securities to you, or buy or sell securities for your accounts, at or about the same time that we (or a related person) buy or sell the same securities for our own (or the related person's own) account.

² Access person means any of your supervised persons who has access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund, or who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic. If providing investment advice is your primary business, all of your directors, officers and partners are presumed to be access persons.

We do not execute transactions on a principal or agency cross basis.

Item 12 – Brokerage Practices

We maintain a consistent policy with respect to the correction of trading errors. In all cases the effected account is made whole. If we make a trading error, we bear the loss. We do not:

- ask broker/dealers to break trades entered in error,
- make up brokers' losses on broken trades with additional brokerage business, or
- "post-allocate" trades to correct trading errors.

Trading errors are corrected either by selling the security in our trade errors account and using the proceeds to offset the funds posted to the effected account to make it whole or by purchasing the required security in our trade errors account and posting it to the effected account. When a security is sold to correct a trading error and a loss is realized, the loss is borne by the adviser in its trade errors account.

Trade errors that occur in mutual fund portfolios for which we serve as investment adviser are corrected in the mutual fund portfolios and reflected on the books and records of the portfolio.

As to the Wasatch – 1st Source Income Fund, the Board of Trustees established guidelines and restrictions with respect to investment strategies, which include the types of securities to be bought and sold. Such guidelines can be found in the fund's prospectus.

When you designate brokers or dealers through which transactions are to be effected, your orders generally will be placed after orders for clients that leave the selection of brokers to our discretion. When you designate brokers or dealers, it may not be possible for us to obtain for such clients the lower rates which might be attainable if we had full discretion in the selection of the executing firm or to permit you to participate in volume discounts for batched transactions of fully discretionary clients. Clients directing brokerage may also incur other transaction costs or greater spreads or receive less favorable net prices on transactions for their accounts than might otherwise be the case.

How Brokers and Dealers are Selected

In purchasing and selling equity securities for you, we seek to obtain quality execution at favorable security prices, through responsible brokers and dealers, and in the case of

agency transactions at competitive commission rates. However, under certain conditions, higher brokerage commissions may be paid in return for brokerage and research services. As a general practice, over-the-counter orders are executed with market makers or on an agency basis. In selecting among market makers, the Registrant generally seeks to select those it believes to be actively and effectively trading the security being purchased or sold.

When selecting a broker/dealer to use for the execution of trades on your behalf, we will consider such factors as:

- Quality of execution, including the price to be paid, access to markets, timely and accurate written confirmations and the broker/dealers record of good and timely delivery and payment on trades
- Ability to handle block trades
- Knowledge of the market, specific industries, and securities
- The financial condition of the broker/dealer
- Quality and value of research material and services
- Historical commission rates both before and since rates have been fully negotiable,
- Rates, which other institutional investors are paying, based on available public information,
- Rates quoted by brokers and dealers,
- The size of a particular transaction, in terms of the number of shares, dollar amount and number of clients involved,
- The complexity of a particular transaction in terms of both execution and settlement,
- The level and type of business done with a particular firm over a period of time, and
- The extent to which the broker or dealer has capital at risk in the transaction.

On a continuous basis, we seek to determine what levels of commission rates are reasonable (in relation to the services being offered by the Broker (see soft dollar discussion below), in the marketplace for transactions executed on your behalf.

However, it is not our policy to seek the lowest available commission rate when it is believed that a broker or dealer charging a higher commission rate would offer greater reliability or provide better price or execution. There may be occasion when trades are done at the same commission rate but no soft dollar credit received. This will only be done when the rate of commission is deemed to be reasonable.

Fixed income securities are generally purchased from a primary market-maker acting as principal for the securities on a net basis with no brokerage commission being paid by the client, although the price usually includes undisclosed compensation. Transactions placed through dealers serving as primary market makers reflect the spread between the bid and asked prices. Securities may also be purchased from underwriters at prices that include underwriter fees.

Description of Research Services from Brokers and Dealers

As stated above, we receive research and/or other products or services from broker-dealers and/or a third party in connection with client securities transactions ("soft dollar benefits") but do not consider this as the only factor in utilizing a particular broker-dealer. Through our relationship with our brokers, we receive certain services and products, such as fundamental research reports, technical and portfolio analyses, pricing services, economic forecasting and general market information, historical data base information and computer software that assist with our investment management process.

When we use client brokerage commissions to obtain research and services that we would otherwise have to produce or pay for at our own expense, there is an incentive for us to place a greater volume of transactions or pay higher commissions than would otherwise be the case. Accounts with discretion are traded at the same commission rate. We may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on the clients' interest in receiving most favorable execution. Therefore, clients may pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits. We use the benefits of such research and services for all of our clients, not just those clients that paid for the benefits.

Where we receive a benefit from a service that is not considered "research" under Section 28(e), we calculate a "soft dollar allocation" the purpose of which is to calculate the cost of a service that may not be paid for with client commissions. In such instances, we will determine the portion of such brokerage and research not used in the investment decision-making process and will pay for such portion out of our own funds.

Internal Allocation Procedures

Each year, we assess the contribution of the brokerage and research services provided by brokers and dealers and attempts to allocate a portion of its brokerage business in response to these assessments. Portfolio managers, research analysts and members of the trading department each seek to evaluate the brokerage and research services they receive from brokers and dealers and make judgments as to the level of business, which would recognize such services. Actual business received by any firm may be less than the suggested allocations but can and often does exceed the suggestions, because the total business is allocated on the basis of all the considerations described above. In no case is a broker or dealer excluded from receiving business from us because it has not been identified as providing research services. From time to time, your orders may be placed through a computerized transaction network.

Trade Aggregation

We may aggregate purchase or sale orders where aggregating the trades appears to be potentially advantageous for each participating account (e.g., for the purpose of reducing brokerage commissions or obtaining a more favorable transaction price), is consistent with our duty to seek best execution for customer trades and is consistent with the terms of the investment advisory agreement with each customer whose trades are being aggregated.

Item 13 – Review of Accounts

Reviews

We may be requested to assist 1st Source Bank in the annual review of fiduciary accounts of 1st Source Bank. The review process includes an assessment of your investment goals and objectives, the strategy that has been employed to meet the goals and objectives and the securities held in the account.

We continuously review and supervise the portfolios of the Wasatch – 1st Source Income Fund for which the Registrant serves as the sub-adviser.

Reviewers

The Board of Trustees of the Wasatch – 1st Source Income Fund will receive annual and semi-annual reports as well as quarterly statements.

Upon request, you may receive reports from us no less than quarterly. Typically, these reports will show account holdings and account performance over a specified time period. Reports will show profit/loss, dividend and interest income and other relevant account details. We recommend comparing the account statements you receive from the independent custodian with those you receive from us. You should immediately inform us of any discrepancy noted between the custodian records and the reports you receive from us.

Item 14 – Client Referrals and Other Compensation

We do not receive an economic benefit from a non-client for providing investment advice or other advisory services to our clients. Additionally, we do not have any arrangement under which we, or a related person, directly or indirectly compensate any person, who is not our supervised person, or receive compensation from, another for client referrals.

Item 15 – Custody

We do not have custody of client funds or securities; however, we may be granted authority, upon written consent from you, to deduct the advisory fees directly from your account. The custodian will send to you, at least quarterly, an account statement identifying the amount of funds and each security in the account at the end of period and setting forth all transactions in the account during that period including the amount of advisory fees paid directly to us.

We may provide to you reports it prepares regarding your portfolio. You are encouraged to review these reports and compare them against reports received from the independent custodian that services your advisory account. You should immediately inform us of any discrepancy noted between the custodian records and the reports you receive from us.

Item 16 – Investment Discretion

As described in details in Item 4 above, we manage your accounts on a discretionary basis, which allows us to make investment decisions without prior consultation with you. Such discretion would involve determinations regarding which securities and the total amount of the securities to be bought and sold for the account, the broker dealer to be used and the commission rates to be paid. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

You will have the right to place reasonable restrictions on such authority. Any restrictions must be submitted in writing to us.

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

It is our policy to vote all proxies relating to your securities unless there is a compelling reason why a proxy should not be voted. Proxies are voted in your best interests as determined by the effect, if any, the proposal could have on the current or future value of the investment. To ensure that proxies will be voted in your best interest and will avoid material conflicts between us, the responsibility for voting proxies has been delegated to an unaffiliated service provider. A copy of our Proxy Voting Policies and Procedures and Guidelines is available to you who request this information by calling 1-574-235-2756.

Item 18 – Financial Information

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you given that we do not have custody of client funds or securities, or require or solicit prepayment of fees more than \$1,200 per client and six months or more in advance. In addition, we are not currently, nor at any time in the past ten years been the subject of a bankruptcy petition.

Item 19 – Requirements for State-Registered Advisers

No disclosures are required since we are SEC registered adviser.