



## **IPI Wealth Management, Inc.**

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**March 24, 2017**

This brochure provides information about the qualifications and business practices of IPI Wealth Management, Inc. (also referred to in this brochure as “us,” “we,” “our” or the “firm”). Our firm’s clients and prospective clients are referred to in this brochure as “you,” “your” or “our clients.” If you have any questions about the contents of this brochure, please contact us at (217) 425-6340 or [compliance@investment-planners.com](mailto:compliance@investment-planners.com). 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 under the Investment Advisers Act of 1940. Registration of an adviser does not imply a certain level of skill or training.

Additional information about us also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **SUMMARY OF MATERIAL CHANGES**

From time to time we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. Upon a material change occurring, IPI Wealth Management, Inc. will then either provide you a complete Disclosure Brochure or offer to provide one to you upon your written request.

Since our previous Disclosure Brochure of March 29, 2016, our material change for this filing is the offering of an automated, digital advisor program, Institutional Intelligent Portfolios™. The Disclosure Brochure provides specific information about this digital advisor program offered through Schwab for applicable clients.



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## **ADVISORY BUSINESS**

IPI Wealth Management, Inc., previously known as IPI Asset Management, (collectively, “IPIWM”), was founded in 1996 by David Koshinski, our principal owner. In 1999, we registered with the SEC as an investment adviser offering a full array of portfolio management and financial planning services to retail and institutional investors. Headquartered in Decatur, Illinois, we have 49 other office locations located in eighteen states – AZ, FL, IA, IL, IN, KS, KY, MA, MI, MO, NC, NY, OH, SD, TN, TX, WA and WI. Our investment advisor representatives (or “IARs”) may also be registered representatives of our affiliated broker-dealer, Investment Planners, Inc., an SEC registered broker-dealer clearing transactions and introducing accounts on a fully disclosed basis to RBC Correspondent Services (or “RBC”). Our affiliation with Investment Planners, Inc. is by common control and ownership. Both Investment Planners, Inc. and RBC are members of the Financial Industry Regulatory Authority (“FINRA”) and registered with the SEC as securities broker-dealers.

### **OUR ADVISORY SERVICES**

IPIWM has built a strong reputation within the financial services industry through its open-architecture model and commitment to service. We provide advisory services to clients through investment management, financial planning, consulting, and third-party investment managers.

### **Private Portfolio Services of IPI Wealth Management**

Our Private Portfolio Services are those in which we actively manage your investment portfolio based upon your individual financial and personal needs. We gather your information through in-depth personal interviews. This may include one or more in-person meetings and/or telephone calls. We may gather information that includes, but is not limited to, your current financial position, future goals, attitudes toward risk and your investment objectives. We ask you to fill out a client profile questionnaire or similar document that we will carefully review, along with all other documentation you supply. Because we only rely upon the information you provide us and do not independently verify it, you should provide us with accurate information and we ask that you update your information whenever it changes. Based on the information you provide, we will develop a personalized portfolio designed to meet your investment goals and objectives through asset allocation, portfolio monitoring, consolidated reporting, and most importantly, individualized portfolio management. Individualized portfolio management and a tailored investment strategy will help us choose among various kinds of investments available in the market. Investments may include equity securities (stocks), warrants, corporate debt securities (bonds and notes), certificates of deposit, municipal securities, investment company securities (mutual funds, including money market funds), exchange-traded funds and United States government securities. If appropriate, we may allocate your investments in accordance



with our model portfolios. A model portfolio is how we communicate to you what specific investments you should have in your portfolio at any given time.

### **Digital Advisor**

We provide portfolio management services through Institutional Intelligent Portfolios™, an automated, online investment management platform for use by independent investment advisors and sponsored by Schwab Wealth Investment Advisory, Inc. (the “Program” and “SWIA,” respectively). Through the Program, we offer clients a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange traded funds (“ETFs”) and a cash allocation. The client may instruct us to exclude up to three ETFs from their portfolio. The client’s portfolio is held in a brokerage account opened by the client at SWIA’s affiliate, Charles Schwab & Co., Inc. (“CS&Co”). We are independent of and not owned by, affiliated with, or sponsored or supervised by SWIA, CS&Co or their affiliates (together, “Schwab”). The Program is described in the Schwab Wealth Investment Advisory, Inc. Institutional Intelligent Portfolios™ Disclosure Brochure (the “Program Disclosure Brochure”), which is delivered to clients by SWIA during the online enrollment process.

Clients are eligible for the Program if their total assets under management for their household managed through IPIWM meet or exceed \$200,000 at the time of the opening of a Program account with CS&Co. Any exceptions to the eligibility for the Program will be at the discretion of IPIWM.

We have contracted with SWIA to provide us with the technology platform and related trading and account management services for the Program. This platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the “System”). The System includes an online questionnaire that helps us determine the client’s investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the System in response to the client’s answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage the client’s portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

### **Financial Planning Services**

We provide both comprehensive and limited financial planning services. However, we generally recommend comprehensive planning services as this provides your IAR an opportunity



to evaluate and make appropriate recommendations for you based on a detailed and comprehensive evaluation of your current and intended future financial needs.

We will conduct an interview with you to obtain as much detail as possible on a number of variables, including but not limited to your financial and life goals, situation, objectives, time horizon and risk tolerance. The information we gather varies based on your individual needs and objectives. As a result, we require your active participation while we obtain information from you as we do not independently verify the accuracy of the data you give us and assume that the information you provide is reliable and current.

Based on your request, plans can address some or all of the following items:

- Estate Planning & Estate Goals
- Retirement Planning
- Education Planning
- Insurance Planning/Risk Management
- Investments
- Cash Flow Analysis
- Budget Planning
- Tax Planning
- Business Continuity, Succession and Exit Planning
- Asset Allocation Services.

The specific financial planning services and fees applicable to you will be described in our Investment Advisory Services Agreement (“Agreement”) that we will ask you to review and sign prior to the engagement. For financial planning services, you can choose a modular approach by focusing on a particular area, or a broader financial review, that covers multiple topics. This means that you can work with us on a short-term, project retainer basis without using our investment management services. After analysis and evaluation of your situation, we will generally present you with a written report that summarizes the findings, potential decision points, possible strategies (including their pros and cons), recommended course and action items. However, in certain circumstances, as agreed upon with you, a report may not be issued. We do not have any discretionary investment authority when providing hourly financial planning and consulting services.

Afterwards, there is a follow-up period before the project formally concludes. Subsequently, you determine when to return for periodic updates or check-ups on a specific part or on the entire plan. The engagement generally terminates upon the final consultation unless you specifically request otherwise in our Agreement.

Implementation of any financial plan recommendation is solely at your discretion and you will need to work with your other professionals, such as your attorney, accountant, banker, insurance agent, stockbroker (or registered representative or financial consultant), among others.



Our IARs may also be licensed as insurance agents and registered representatives, so your IAR is in a position to implement your plan recommendations. However, please realize that you are under no obligation to use our IAR to implement any plan recommendations.

### **IPIWM Investment Advice for Non-IPIWM Custodied Client Accounts**

IPIWM, through its IARs, provides written asset allocation and/or specific investment recommendations for clients on the investment options available within client accounts held away from IPIWM custody firms. IARs provide advice and recommendations on assets based on the financial and other information provided. The IAR will tailor the recommendation to your individual needs based upon the investment objective you choose. The engagement terminates upon delivery of the written recommendation unless you request otherwise in our Agreement.

As a non-discretionary service, you retain the sole responsibility for determining whether to implement any recommendations made by your IAR and for placing any resulting transactions with your outside accounts held away from the custodians we generally recommend. In this service, we do not provide discretionary portfolio management services.

### **Third Party Asset Management Program (“TAMP”) Services**

IPIWM makes available advisory services and programs of several third party investment advisors. Under these TAMP programs, IPIWM through its IARs, provides ongoing investment advice tailored to your individual needs.

As part of these TAMP services, your IAR will typically obtain the necessary financial data from you to assist in determining appropriate investment objectives and selecting the TAMP whose style and talent best fit your individual needs and circumstances, including assistance in opening an account with the TAMP. Depending on the type of TAMP selected, your IAR may also assist you in selecting a model portfolio of securities designed by the TAMP, or select a portfolio management firm to provide discretionary asset management services.

You should understand that it is the third party investment adviser (and not IPIWM or your IAR) that has authority to purchase and sell securities on a discretionary or non-discretionary basis pursuant to your investment objective. This authorization will be set out in the TAMP client agreement. IPIWM currently offers advisory services through TAMPs sponsored by RBC, Schwab, TD Ameritrade and Envestnet. Unless directed otherwise, your agreement with the TAMP gives us the authority to hire or fire these managers on your behalf. Once a manager is selected, your IAR will continue to monitor their performance. Additionally, we will meet with you, at least annually, to determine whether any changes in your financial status warrant adjustments to your investment objectives with the third-party money manager. We will also be happy to meet with you more frequently, if requested.



If you are interested in learning more about any of these TAMP services, a complete description of their programs, services, fees, payment structure and termination features are found in their respective service disclosure brochures (or wrap fee disclosure brochures), investment advisory agreements and account opening documents, all of which our IAR will provide you prior to engaging their services.

From time to time we review other third-party investment managers and reserve the right to make additional programs available to our clients as, in our discretion, we deem appropriate and consistent with our investment strategies.

For these and other services we will receive a portion or all of the fees paid by you as described in the “Fees and Compensation” section below.

### **Marketing and Sales Services for Registered Investment Advisers**

IPIWM and its IARs act as marketing agents on behalf of third party registered investment advisers (money managers) pursuant to a marketing/sales services agreement. In such case, IPIWM provides marketing and sales services to the third party investment adviser related to introduction of an advisor or broker that manages primary client relationship. The IAR also provides the broker or advisor with information with regards to money manager’s investment strategies. IPIWM’s IARs do not provide ongoing investment advice or any other advisory services or maintain any relationship with individual investor.

### **Services Provided to Retirement Plan Sponsors**

We provide investment management services to qualified retirement plans which are subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). As part of our services to qualified plans, we will act as either an ERISA 3(21) fiduciary advisor or an ERISA 3(38) fiduciary manager. The key difference between these two types of fiduciaries is whether you engage us as a discretionary manager. As a 3(38) manager, you give us discretionary authority to manage your plan’s assets. This means that you shift your fiduciary responsibility to us for the selection of your investments. If you hire us as a 3(21) advisor, we will make recommendations, but it is ultimately up to you, as the plan sponsor, to decide whether and how to act. As a 3(21) advisor, we will not have discretion to invest and reinvest your assets without your prior consent. Thus, as a 3(21) advisor, we will share responsibility for the selection of investments.

For all qualified plan clients, we start by assisting you with the creation and maintenance of your investment policy statement. Your investment policy statement may place restrictions on the types of investments the plan may invest its assets. We identify specific asset categories to be represented in your plan’s investment menu. We then use our investment process to select and advise on mutual funds and other securities that comprise your plan’s investment menu. We





ensure that the investment options are permitted under your investment policy statement. We continually monitor the performance of all investment options and communicate frequently with each mutual fund or collective trust fund managers as needed.

We provide five risk-based asset allocation models that allow participants to invest according to their specific goals, objectives, time to retirement, as well as risk tolerance. We create our models by assigning a weighted allocation to the mutual funds in our investment menu depending upon the objective of the particular model. The following is a brief description of each of our models:

- *The Income Model* allows for preservation of capital and current income, with long-term capital appreciation being secondary;
- *The Conservative Model* allows for preservation of capital and current income, with consideration for long-term capital appreciation;
- *The Moderate Model* provides long-term capital appreciation and current income, with consideration for preservation of capital;
- *The Growth Model* provides long-term capital appreciation and current income, with reasonable risk; and
- *The Aggressive Model* provides long-term capital appreciation.

Participants of plans are permitted to invest in one or more of our models or individual funds. If we provide individual investment advice to participants as described below, we will only recommend investment in one model that meets the investment objectives, time horizon to retirement, anticipated retirement income needs and risk tolerance of the participant. We believe utilizing one model will provide participants with an investment strategy that best meets their investment objectives given their personal risk tolerance.

### ***Participant Advice***

In addition to the investment supervisory services we provide to plan sponsors, the plan sponsor may engage us to provide one-on-one investment advice to the participants of the plan. We start this process by providing education to employees in group meetings. We then meet individually with the participant. The participant will provide information to us about their financial situation, risk tolerance, time horizon to retirement, anticipated retirement income needs and investment objectives. We also provide information to the participant on how various levels of wage deferral or contributions to their retirement plan will impact their take-home pay. Taking all of this information into consideration, we will recommend investments in an appropriate model.



We meet with newly eligible participants on a quarterly basis and we offer to meet with all participants on a semi-annual basis or more or less frequently as requested by the plan sponsor.

We believe that our individualized participant advice services tend to increase participant retirement plan contributions and help to close the gap between a participant's current retirement funds and what a participant needs for retirement.

## **ASSETS UNDER MANAGEMENT**

We manage your assets on either a discretionary or nondiscretionary basis. As of December 31, 2016, we had \$908,722,295 in client assets managed on a discretionary basis and \$193,342,963 in client assets managed on a nondiscretionary basis.

## **FEES AND COMPENSATION**

In this section, we explain how we are compensated for the various advisory services we provide. We also describe some expenses you may experience related to those services. We believe that our charges and fees are competitive with firms offering similar services. However, lower fees for comparable services may be available from other sources. You can invest in mutual funds and other securities directly, without our services. In that case, you would not receive our assistance in determining which investments are most appropriate to your financial situation and objectives. We also would not be able to help you maintain a disciplined approach to portfolio rebalancing, anticipate tax consequences and minimize emotional reactions to market events. Some investments may not be available to you directly without the use of an IAR.

We want you to be aware of how we are paid as well as any fees and compensation that we may receive in connection with the advisory services we provide. This information can be found in some or all of the various documents:

- ADV disclosure brochures
- Your client agreement
- Custodial agreements
- TAMP Wrap Fee Program Disclosure Brochure or similar document
- Mutual fund's prospectuses and Statements of Additional Information.

Our IARs may also receive commissions or other compensation as registered representatives of our affiliated broker-dealer and/ or as insurance agents. This additional compensation is separate and distinct from our advisory compensation. We discuss this in more detail later in this section.



## **PRIVATE PORTFOLIO SERVICES**

Generally, our fees for our Private Portfolio Services or individually managed accounts are based on a percentage of assets under management. IPIWM's portion of the annual fee will not exceed 2% on any asset level. However, other program fees may increase the annual fee above 2%. Below is our sample fee schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
\$ 0 - \$250,000	2.0%
\$ 250,001 to \$500,000	1.5%
\$ 500,001 to \$1,000,000	1.25%
\$1,000,001 to \$3,000,000	1.00%
\$3,000,001 and above	.75%.

This fee schedule may be negotiated with you on a case-by-case basis. We will take into account the nature and complexity of the services we are providing you, our relationship with you, the value of assets being managed, the value of other assets held in other accounts we manage or advise for you, the potential for additional business or clients, the amount of work anticipated and the attention needed to manage your assets. The actual billing rate will be specified in the Agreement. We rely upon your custodian's account statements for fee calculation purposes. Our advisory fees cover our investment advisory services, but do not cover other charges as described below.

Our advisory fees will be paid monthly or quarterly, in advance or in arrears, as set forth in our Agreement. For accounts opened or closed during the calendar month or quarter, the fee will be prorated for the number of days our services were provided. If you terminate an agreement with us, pre-paid and un-earned advisory fees are promptly refunded, generally within 30 days. Fees paid in arrears will be charged through the date of termination.

Unless otherwise agreed, you will authorize us to deduct our periodic advisory fees from your designated account. Your authorization is limited to our withdrawing our advisory fees as and when due. We will provide your custodian with your written fee deduction authorization. We will notify you of our fee deductions in advance of the withdrawal date at the time and in the manner required by applicable regulatory requirements. We will not make the fee withdrawal if you timely object, in writing, to us or your custodian. Your account custodian will, on a quarterly basis, provide you with an account statement indicating the advisory fees paid to us from your account. You may terminate your authorization at any time, in writing, but you will remain responsible for promptly paying us any advisory fees that remain due and unpaid.

If our direct fee deduction has been authorized, then our fees will be deducted from the cash balance in your account. If insufficient cash is available, then we will typically liquidate a sufficient amount of securities in your account to cover the balance due in the following order:



money market shares, mutual fund shares, and then other types of securities. For taxable accounts, a liquidation of securities may result in taxable income.

## **DIGITAL ADVISOR**

We charge those clients eligible for the Program annually 0.60% (60 basis points) for our services. Clients do not pay brokerage commissions or any other fees to CS&Co as part of the Program. Schwab receives other revenues in connection with the Program, as described in the Program Disclosure Brochure. Brokerage arrangements are further described below in *Brokerage Practices*.

## **DUAL CONTRACT SUB ADVISED FEE SCHEDULE**

IPIWM will advise on third party assets through Wrap Programs, Managed Account and Unified Managed Account platforms. The fee schedule for IPIWM's portion of the management of assets is as follows:

Assets Under Management	Management Fee
Up to \$25 Million	50-75 bps
\$25 Million to \$250 Million	40-50 bps
\$250 Million over	25-40 bps

Fees are negotiable at the discretion of IPIWM.

## **WRAP FEE PROGRAMS**

The sponsors of the wrap program have contracts with the client to perform investment management, trading and/or custodian services. Clients pay a single all-inclusive fee quarterly in advance or arrears to the wrap fee sponsor based on net assets under management. From the all-inclusive or "wrap" fee, the sponsor will pay IPIWM an agreed upon management fee which generally follows the dual contract or sub-adviser fee schedule above.

## **MODEL PORTFOLIO ADVISOR**

For our model portfolio advisor services, IPIWM will generally receive a management fee consistent with the dual contract and sub-adviser relationships described above.

## **MARKETING AND SALES SERVICES FOR REGISTERED INVESTMENT ADVISERS**

Fees are negotiated with a Registered Investment Adviser and IPIWM's IAR. Fees may be basis points based on assets raised through sales with brokers and advisors. IPIWM will also charge consulting fees for services such as: marketing, strategic planning and distribution planning.



## **FINANCIAL PLANNING FEES**

Planning Fees are based on the nature of the services provided and the complexity of your needs. Fees are agreed upon and documented in your Agreement. At the beginning of the service, we estimate the total cost of the Plan (either hourly or fixed fee, as described below). Planning Fees are calculated and charged on either:

- A per-hour (or portion of an hour) basis. Hourly charges are negotiable, but can range from \$150 to \$250 per hour or
- On a fixed fee basis with the total cost estimated at the beginning of the relationship. Our experience indicates that fixed fee engagements can range from \$750 to \$5,000 or more depending on your personal situation and complexity.

We typically will request a retainer upon your signing of the agreement with us for services. Retainers can be based on a number of hours up front or a fixed retainer amount. Hourly charges are billed against the retainer. For fixed fees, we invoice you on agreed upon terms in your Agreement. We do not charge advisory fees of \$1,200 or more 6 or more months in advance.

Generally, the balance due to IPIWM is requested upon the delivery of your Plan.

For services provided to retirement plan clients, we will typically enter into an agreement to invoice you based upon our services and fees as described in your ERISA Investment Management Agreement.

## **IPIWM INVESTMENT ADVICE FOR NON-IPIWM CUSTODIED CLIENT ACCOUNTS**

The fee for this service is also negotiable. Please see the fee schedule above for “Private Portfolio Services.”

## **THIRD PARTY ASSET MANAGEMENT PROGRAMS (TAMP) SERVICES**

Your IAR may recommend that you use a TAMP. In these situations, our advisory fee compensates your IAR for the on-going monitoring and review of the manager’s performance. Unless the third party manager bundles our fee with theirs, all fees are separate from and in addition to our advisory fee. You may incur fees on top of those charged by us including, the third party manager’s fee and corresponding broker-dealer and custodian fees.

As noted above, some third-party managers will bundle our advisory fee into their management fee. In these cases, we will receive our fee directly from the third party manager. Our fee is paid solely from the third party manager’s investment management fee or wrap fee program fee (as appropriate) and does not result in any additional charge to you.

The following fees and expenses are generally related to the use of third party managers:



- Management fees paid to the Third Party
- Advisory fees paid to us as outlined in the client agreement that you sign
- Transaction costs – if applicable – which may be paid to purchase and sell such securities
- Custody fees charged by the custodian
- Administrative and service fees.

Your account may be held with the third party manager's custodian where your fees will be assessed and deducted. Management fees charged by third party managers may not be negotiable.

If the TAMP program is a wrap fee program, you should understand that the wrap fee cost may be more than purchasing the program services separately. For example, paying fees for the advisory services of the TAMP and the IAR, plus commissions for each transaction in the account may increase your costs.

The investment products and services available to be purchased in a TAMP can generally be purchased by clients outside of a TAMP account through us, or through broker-dealers or other investment firms not affiliated with us or the TAMP.

For further details, please be sure to carefully review the third-party manager's disclosure brochure (or Wrap Fee Program Disclosure Brochure) and investment program agreements.

#### **FEES FOR RETIREMENT PLANS AND PARTICIPANT ADVICE**

Our fees for advising qualified retirement plans are negotiable and based on a plan's total assets. The actual billing rate will be specified in your contract. We rely upon your custodian's account statements for fee calculation purposes. Our advisory fees are billed to the plan's sponsor, trustees or third party plan administrator depending upon your wishes. Our fees will be due promptly upon receipt of our invoice.

#### **FEE NEGOTIATION**

As noted above, our IARs may negotiate our fees for any of our services taking into consideration such things as the size of your account, the number of managed portfolios or accounts, your relationship with other clients (e.g., family), the length of our relationship with you, the complexity of your personal circumstances, the composition of your portfolio, the complexity of investment strategies, the frequency of desired meetings or special reporting and other factors that affect our cost of providing you services. If you, your family or related persons also have accounts under our management, those accounts may be aggregated for fee calculation purposes. For these reasons, our fees may vary among clients who may otherwise be in similar



circumstances. Other investment advisers may charge higher or lower fees for comparable services.

### **FEE PRORATION AND ADJUSTMENTS**

With your approval, we reserve the right to prorate our fees for large deposits to your account made during a billing cycle. No adjustments or refunds will be made in respect of the appreciation or depreciation of account asset values during a billing period or withdrawals from your account during that period, unless otherwise agreed in writing.

### **OTHER MUTUAL FUND AND INSURANCE-RELATED EXPENSES**

Mutual funds of all types charge their shareholders various advisory fees and expenses associated with the establishment and operation of the funds. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, shareholder servicing, other fund expenses and sometimes a distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge. These separate mutual fund fees are disclosed in each fund's current prospectus, which is available from the mutual fund and, upon request, can be provided by our firm.

Consequently, for any type of mutual fund investment, it is important for you to understand that you are directly and indirectly paying two levels of advisory fees and expenses: one layer of fees at the fund level and one layer of advisory fees and expenses to IPIWM. Generally speaking, most mutual funds may be purchased directly without using our services and without incurring our advisory fees. Moreover, many mutual funds pay shareholder servicing fees (12b-1 fees) to brokerage firms and their registered representatives in consideration of their services to the fund's shareholders. As described below, we will adjust our fees in view of 12b-1 fees that we may receive with respect to your account.

Like mutual funds, insurance companies charge a variety of fees and charges against the assets invested in the separate accounts of their policy holders. As noted above, this means that there are two layers of advisory fees incurred – one layer by the insurance company and one layer to our firm for our advisory services. Additionally, commissions are usually paid for the purchase of variable annuities and there may be substantial surrender charges. The commission, surrender charges and other fees and expenses are disclosed in the prospectus.

### **Reductions or Credits for Receipt of 12b-1 Fees**

If your advisory account is custodied at RBC, mutual funds may separately pay our affiliated broker-dealer, Investment Planners, Inc., 12b-1 fees for performing shareholder recordkeeping and servicing functions for your account and other clients' accounts. Similarly, mutual fund sponsors and investment advisers may pay us out of their own resources for performance of those functions. In order to avoid this conflict of interest, we lower our advisory





fees by either (i) crediting to your account a pro rata share of the 12b-1 fees we receive for mutual funds held in your account; or (ii) reducing the advisory fee rate we charge to your account, as specified in our client services contract, and disclosing to you that we will receive and retain the 12b-1 fees. In making any billing adjustments, however, we will not refund 12b-1 fees to you in addition to the advisory fees that you have paid.

#### **OTHER ACCOUNT-RELATED EXPENSES**

In addition to our advisory fees, you may incur brokerage commissions, ticket charges, transaction fees and other related costs and expenses. You may also incur certain charges imposed by custodians, brokers, third-party investment managers and other third-parties, such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, other fees and taxes on brokerage accounts and securities transactions. All such fees and expenses are disclosed to you in account opening documents and disclosure brochures of third-party managers or TAMP sponsors.

#### **TERMINATION OF SERVICES**

Termination notices may be sent at any time and must be in writing. You are responsible for any transaction for your account that has been initiated, but not settled, prior to our receipt of your termination notice.

The unearned portion of advisory fees that you have paid us will be automatically refunded to you promptly, less any amount required to satisfy your transaction-related obligations. We base the refund proration on the number of elapsed days in the billing period as noted above.

You may terminate the services of any TAMP service in accordance with the terms of the Third Party Manager's client services agreement, subject to limitations imposed by applicable laws or rules. You may terminate those services without terminating our services. If you terminate our services, you may or may not be able to continue to utilize the Third Party Manager's services (see the disclosures in the Third Party Manager's disclosure brochure with respect to conditions for establishing or maintaining an account). Third Party Managers are responsible for refunding the unearned portion of their fees, as described in their disclosure brochures.

With regard to Financial Planning and Consulting Services, if you terminate the Agreement prior to the delivery of your Plan, we will charge you for the time spent as documented in your Agreement; any pre-paid and un-used fees (hourly retainer or fixed annual fee) will be refunded to you within 30 days of the date of termination. To terminate an Agreement, we require that you provide a written request to IPIWM.





For services provided to retirement plan clients, our agreement for services details the method of termination. Generally, services can be terminated at any point and are not restricted to certain dates (i.e., quarter-end). Should services be terminated, IPIWM has no obligation to continue services beyond the date of termination.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets).

## **TYPES OF CLIENTS**

Our investment management and financial planning services are available to individuals, high net worth individuals, businesses, pension, and profit-sharing plans, 401(k) plans, trusts, estates and not-for-profit organizations.

We do not impose a minimum dollar value of assets or other conditions for opening or maintaining an account. TAMP services may impose minimum account sizes and they will vary by the investment management program you select. The TAMP disclosure documents will provide information on any minimum account sizes required.

## **DIGITAL ADVISOR**

Clients are eligible for the Program if their total assets under management for their household managed through IPIWM meet or exceed \$200,000 at the time of the opening of a Program account with CS&Co. Clients eligible to enroll in the Program include individuals, IRAs and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program. The minimum investment required to open an account in the Program is \$5,000. The Program Disclosure Brochure describes related minimum required account balances for maintenance of the account, automatic rebalancing, and tax-loss harvesting.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **METHODS OF ANALYSIS**

Fundamental analysis is a technique that attempts to determine a security's value by focusing on the economic well-being of a financial entity as opposed to only its price movements. When conducting fundamental analysis, we will review a company's financial statements and consider factors including, but not limited to, whether the company's revenue is



growing, if the company is profitable, if the company is in a strong enough position to beat its competitors in the future and if the company is able to repay its debts. Because it can take a long time for a company's value to be reflected in the market, the risk associated with this method of analysis is that a gain is not realized until the stock's market price rises to the company's true value.

The valuation method is a technique used to calculate a theoretical value for a security in order to estimate potential future market prices. When utilizing the valuation method, we will review such things as a security's earnings per share, price to earnings, and growth rate.

We also utilize technical analysis to evaluate potential investments. Unlike fundamental analysis, technical analysis does not analyze the company's value, but instead analyzes the stock's price movement in the market. Charting is a form of technical analysis in which the various technical factors are diagrammed in order to illustrate patterns. Technical analysis studies the supply and demand in the market in an attempt to determine what direction or trend will continue in the future. However, there are risks involved with this method, including the risk that the trends will change unpredictably, which is why we use a combination of methods and obtain information from a variety of sources.

We obtain information from a number of sources, both public and by subscription, including financial newspapers and magazines, inspections of corporate activities, research materials prepared by third-parties, corporate rating services, annual reports, prospectuses, SEC filings and company press releases. We believe these resources for information are reliable and we regularly depend on them for making our investment decisions; however, we are not responsible for the accuracy or completeness of this information.

For third-party money manager analysis for TAMP service offerings, we examine the experience, expertise, investment philosophies and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.



There are risks in 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 a variety of investment strategies depending on your circumstances, financial objectives and needs. We may recommend implementing one or more of the following investment strategies: long-term purchases (held at least a year), short term purchases (held less than a year), trading (sold within 30 days), margin transactions and option writing (selling an option).

A primary strategy used for client accounts is strategic asset allocation. We use a variety of asset classes and securities, including funds and individual equities and bonds. Portfolios are diversified to control the risk presented by traditional markets. We may also recommend unrelated TAMPS who have expertise in certain disciplines when appropriate for the client.

We may recommend implementing these strategies using stocks, bonds, mutual funds (held directly or held within variable annuities), municipal securities, option contracts, certificates of deposits and other types of investments such as non-traded real estate investment trusts, also known as “REITs.” We often recommend mutual funds of different kinds to promote portfolio diversification within various asset classes, such as industry sectors, domestic, international, or equities/bonds. We may recommend period purchases, sales and exchanges of those mutual fund shares within mutual fund families and between different mutual fund families when there are changes in your needs, market conditions or economic developments.

## **TYPES OF INVESTMENTS AND RISK OF LOSS**

We may recommend implementing these strategies using stocks, bonds, mutual funds (held directly or held within variable annuities or life insurance products), exchange traded funds (ETFs), municipal securities, options contracts and other types of investments.

Investing in securities involves risk of loss that you should be prepared to bear. Obtaining higher rates of return on investments typically entails accepting higher levels of risk. We will work with you to attempt to identify the balance of risks and rewards that is appropriate and comfortable for you, and we will explain and answer any questions you have about these kinds of investments. However, it is still your responsibility to ask questions if you do not fully understand the risks associated with any investment or investment strategy.



Also, while we strive to render our best judgment on your behalf, many economic and market variables beyond our control can affect the performance of your investments, we cannot assure you that your investments will be profitable, or assure you that no losses will occur in your investment portfolio. Past performance is one relatively important consideration with respect to any investment or investment advisor, but it is not a predictor of future performance.

***Mutual Funds, Index Funds and Exchange-Traded Funds***

We often recommend mutual funds of different kinds to promote portfolio diversification within various asset classes, such as industry sectors, domestic/international or equities/bonds. We may recommend periodic purchases, sales and exchanges of those mutual fund shares within mutual fund families and between different mutual fund families when there are changes in your needs, market conditions or economic developments.

The different kinds of mutual funds we use each have inherently different risk characteristics and should not be necessarily be compared side by side. A bond fund with below-average risk, for example, should not be compared to a stock fund with below average risk. Even though both funds have low risk for their respective categories, stock funds overall have a higher risk/return potential than bond funds.

Of all the asset classes, cash investments (i.e. money markets) offer the greatest price stability, but have yielded the lowest long-term returns. Bonds generally experience more short-term price swings, and, in turn, have generated higher long-term returns than cash. However, stocks historically have been subject to the greatest short-term price fluctuations and have provided the highest long-term returns.

The risk in any given mutual fund depends on the investments it holds. For example, a bond fund has interest rate risk and income risk. Bond prices are inversely related to interest rates. If interest rates go up, bond prices will go down and vice versa. Bond income is also affected by a change in interest rates. Bond yields are directly related to interest rate changes. If interest rates rise, bond yields rise and vice versa. Income risk is greater for a short-term bond fund than for a long-term bond fund. However, in a long term bond fund, your principal is subject to higher principal risk.

Similarly, a sector stock fund (which invests in a single industry, such as telecommunications) is at risk that its price will decline due to developments in its industry. A stock fund that invests across many industries is more sheltered from this industry related risk. However, while diversification across industries can help reduce your risk of loss from investing in a single sector, it may limit your opportunity for a significant gain if a single industry or sector increases dramatically in value.



With respect to all classes of mutual funds and ETFs, diversification does not protect you from an overall decline in the market. You should consider these risks in determining whether to use our services.

### ***Individual Stocks and Bonds***

The risks inherent with individual stocks and bonds are similar to those described about mutual funds. However, unlike mutual funds, individual securities carry more risk because of the possible lack of diversification in the event that your portfolio is not spread across many industries and companies. An owner of an individual security is subject not only to market risk, but company risk, or “significant event” risk as in the case of bankruptcy, loss of major customers, loss of earnings or similar factors. Typically, individual securities have more volatility and potential for larger gains and losses. Unlike mutual funds, you face a greater risk of losing your entire investment in an individual stock or bond. We seek to mitigate these risks in the ownership of individual securities by sound research and diversification.

### ***Options***

Where suitable and appropriate for clients, we may engage in a variety of transactions involving options, although they do not represent a primary focus of our investment strategy. Options are derivative financial instruments, the values of which depend upon, or are derived from the value of something else, such as a stock or a stock index. Where suitable for certain clients, we may make use of “short” options positions, the values of which move in the opposite direction from the price of the underlying security. We also may use options, both for hedging and non-hedging purposes, including as a substitute for a direct investment in the securities of one or more issuers.

However, we may also choose not to use options, based on our evaluation of market conditions or the availability of suitable options contracts.

Options involve special risks and may result in losses. The successful use of options depends on our ability to manage these sophisticated instruments. Some options strategies are “leveraged,” which means that they expose the underlying portfolio to risk of loss greater than the value of the investment in the options. As a result, options may magnify or otherwise increase investment losses to the portfolio. The risk of loss from certain options trading strategies is theoretically unlimited. The prices of options may move in unexpected ways due to the use of leverage or other factors, especially in unusual market conditions, and may result in increased volatility.

Options are not suitable for all clients. Your IAR can answer any questions you may have about options and can provide you with the options disclosure booklet, *Characteristics & Risks of Standardized Options*, upon request.



### ***Variable Annuities***

Variable annuities are highly complex financial products offered by insurance companies. Investment in a variable annuity contract is subject to both general market risk and the insurance company's credit risk. These and other risks are described in the variable annuities' prospectuses. Variable annuities are regulated under both securities and insurance laws and related rules and regulations. Variable annuities offer various benefits and features which may, or may not, have value to you depending on your circumstances. Like other types of investments, commissions are paid for the purchase of variable annuities and there may be substantial surrender charges. The commission, surrender charges and other fees and expenses are disclosed in the prospectus.

If suitable, we may recommend variable annuities from insurance companies whose products allow us to manage each client's separate accounts (the underlying portfolio) by giving purchase and sell orders with no ticket (transaction) charges and simultaneously manage multiple clients' accounts, which permits us to more efficiently offer you better service. However, these products are not suitable for all clients in all circumstances and there are substantial costs associated with them, as described in each variable annuity's prospectus. For more information see the "Other Financial Industry Activities and Affiliations" section below.

### ***ETFs***

Recommendations of particular types of securities - exchange traded funds ("ETFs") are professionally managed pooled vehicles that invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. ETF managers trade fund investments in accordance with fund investment objectives. While ETFs generally provide diversification, risks can be significantly increased for funds concentrated in a particular sector of the market, or that primarily invest in small cap or speculative companies, use leverage (i.e., borrow money) to a significant degree, or concentrate in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. During times of extreme market volatility, ETF pricing may lag versus the actual underlying asset values. This lag usually resolves itself in a short period of time (usually less than one day), however, there is no guarantee this relationship will always occur.

With our Digital Advisor, the Program Disclosure Brochure includes a discussion of various risks associated with the Program, including the risks of investing in ETFs, as well as risks related to the underlying securities in which ETFs invest. In addition, the Program Disclosure Brochure also discusses market/systemic risks, asset allocation/strategy/diversification risks, investment strategy risks, trading/liquidity risks, and large investment risks.





## **DISCIPLINARY INFORMATION**

We have no legal or disciplinary events to disclose. As a registered investment adviser, we are required to disclose to you all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our management.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

We are also affiliated by common ownership with Investment Planners, Inc., a registered broker-dealer and member of FINRA and SIPC. Investment Planners acts as a fully disclosed introducing firm for RBC Correspondent Services holding client assets and executing transactions for client accounts. We are not affiliated with RBC. For more information about Investment Planners and its brokerage services, see the discussion below under the heading, “Brokerage Practices.”

In addition, several of our IARs are also registered representatives of our affiliated broker-dealer and can earn commissions on securities transactions and 12b-1 fees for mutual funds that may be recommended by them in their capacity as representatives of Investment Planners.

Commissions earned on variable insurance products are typically higher and in some instances substantial compared to commissions earned on mutual funds or other securities. Because of this, there exists the potential conflict of interest in the recommendation made by the representative that serves both as an advisor representative and a registered representative earning a commission on the products that are recommended by him or her. You are under no obligation to implement investment and insurance recommendations through Investment Planners or through any insurance companies with which representatives and/or employees of our firm are contracted. Commissions may be higher or lower at Investment Planners than at other broker-dealers. Full disclosure is provided to you prior to executing any transaction. Our firm and our representatives receive no commission if you choose to purchase securities through a broker-dealer other than Investment Planners. If commission is paid on the variable insurance product, our IARs are not compensated for managing the subaccount.

Compensation paid to our affiliated company indirectly benefits us. These relationships create a potential conflict of interest in our recommending the services of our affiliate. We address these potential conflicts by disclosing these relationships and the compensation we will earn or benefit from when you engage their services.

## **OUR RECOMMENDATION OF OTHER INVESTMENT ADVISERS IN THE RBC PROGRAMS**

If appropriate in your circumstances, we may recommend the use of other investment advisers who are part of the TAMP services described in the “Advisory Business” section above.



We generally receive a share of the ongoing management fees in these programs as described in the “Fees and Compensation” section above. The fees for these programs are shared among us, the other program sponsors, and the specified third-party investment manager. This may create potential conflict of interest when our representatives choose among the TAMP services and our own investment management services because we may retain more of the fees in our own advisory programs. We seek to mitigate this conflict by carefully reviewing the suitability of your participation in one or more of the programs available and, in our judgment, recommending the program(s) that better match your needs, goals and objectives. Since these programs allow us to determine the standard advisory fees to our clients, we consider the total advisory fees you would incur and set our fees at competitive levels. Similar advisory services may, however, be available from other investment advisers at a lower cost.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **CODE OF ETHICS**

We have adopted a Code of Ethics (the “Code”) describing the standards of business conduct we expect all officers, directors, employees and advisory representatives to follow. It expresses our core fundamental values to be honest, fair and forthright in our dealings with clients and others in the conduct of our business. Our Code also guides our practices in giving investment advice to our clients and personal trading of securities for our employees and their related accounts. The Code also describes certain reporting requirements with which particular individuals, associated with or employed by us, must comply. You may request a copy of our Code by contacting our Chief Compliance Officer, Renee Emrick at (217) 425-6340.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Our principal executive officers and most of our advisory representatives are also registered representatives of our affiliated broker-dealer. We, and our registered representatives, are able to execute buy and sell orders for securities on behalf of our clients. When we do so, we may receive compensation in the form of commissions as a result of placing such orders for clients. You are not under any obligation to use us as a broker-dealer or our registered representatives in that capacity when considering our advisory recommendations.

In addition, we and our registered representatives may benefit from our or their purchase or sale of investments that we recommend to you. Our principals and representatives may own or effect transactions in the same securities we recommend to you or our other clients. Generally, these securities will be shares of open-end mutual funds or stocks and bonds actively traded on a national securities exchange or market where the time and size of their purchases or sales will not generally affect transactions for you or our other clients. However, it is an express





policy of our Code of Ethics that no person employed by us may purchase or sell any security prior to a transaction being implemented for an advisory account, thereby preventing such employee from benefiting from transactions placed on behalf of advisory accounts. Nevertheless, in all cases when your representative trades securities on the same day as you, you will get the best price or the trade will be executed as a block or batched trade (also called an aggregated order). In a batched trade, all orders for accounts are combined in one order. All participants receive identical prices, which prevents such employees (or associated persons) from benefiting from transactions placed on behalf of advisory accounts. For more information on trade aggregation, see the “Brokerage Practices” section that follows below.

While we generally do not give advice about thinly traded securities, if we recommend the purchase or sale of a thinly traded security to you, we will ensure that our principals’ and representatives’ transactions do not adversely affect you, nor improperly benefit them, typically by imposing the same day black-out period.

We have these employee securities trading policies in our Code of Ethics to prevent our employees from benefiting from transactions placed on behalf of any client’s account. Because these situations have the potential of raising conflicts of interest, we have established the following trading restrictions:

- Our representatives may not use information available to them because of their employment with us to buy or sell securities for their personal portfolios, unless the information is also available to the investing public upon reasonable inquiry. A representative shall not favor his or her interests above your interests.
- We inform you that our representatives may receive separate compensation when implementing our financial plans.
- We require our representatives to act in accordance with all applicable federal and state regulations that govern investment advisers and broker-dealers.

A representative who violates these restrictions may be subject to disciplinary action, up to and including termination.

## **BROKERAGE PRACTICES**

### **DIRECTED BROKERAGE**

As noted above, we are affiliated with Investment Planners, Inc., a registered broker-dealer, and most of our advisory representatives are registered through Investment Planners Inc. to handle securities brokerage transactions. Additionally, Investment Planner’s clearing firm, RBC Correspondent Services, a division of RBC Capital Markets LLC is a qualified custodian,



and provides the systems and technology we use to manage assets in your account if you engage us for portfolio management services.

However, if you engage us solely for financial planning or consulting services, you are never obligated to use our services or our representatives to implement our financial planning or consulting recommendations. Securities brokerage services are available from other sources at lower cost; however, discount brokerage firms generally do not provide the personalized investment advice or other customer services that we provide. Commissions, 12b-1 fees and other compensation received from the implementation of our recommendations are in addition to our compensation from financial planning, consulting or investment management fees, as described above.

In the context of selecting and retaining RBC as our clearing broker-dealer firm and qualified custodian to our advisory accounts, we fulfill our duty of best execution by taking into account numerous factors regarding a broker-dealer's execution of customer trades including: (1) overall market quality, (2) speed of execution, (3) order size, (4) trading characteristics of a particular security, (4) availability of accurate information affecting choices of the most favorable market, (5) availability of economic access to various market centers and (6) cost and difficulty associated with achieving an execution in a particular market center. Our analysis of these factors is, among other considerations, based on information provided on a quarterly basis by RBC relative to their trade executions.

IPIWM requires that clients use our directed brokerage services through our affiliated broker/dealer, Investment Planners, Inc. and its clearing broker/dealer, RBC, for our Portfolio Management Services. With directed brokerage, you may be unable to achieve the most favorable execution of your transactions which may cost more money for the transactions. IPIWM also recommends other brokerage firms and trust companies (as qualified custodians), such as Schwab Institutional, TD Ameritrade, and RBC Correspondent Services. IPIWM does not receive any fees or commissions from any of these arrangements other than 12b-1 fees and other compensation received from the implementation of recommendations in addition to our compensation from financial planning, consulting or investment management fees, as described above. IPIWM may benefit from electronic delivery of client information, electronic trading platforms and other services provided by custodians for the benefit of clients. IPIWM may also benefit from other services provided by custodians, such as research, continuing education and practice management advice. These benefits are standard in a relationship with these custodians and are not in return for client recommendations or transactions.

IPIWM reviews the execution of trades at each custodian annually and is documented according to the "Policies and Procedures Manual." Trading fees charged by the custodians are also reviewed on at least an annual basis. IPIWM does not receive any portion of the trading fees.



## **AGGREGATION OF ORDERS**

We have adopted a trade allocation policy to govern how we handle the aggregation of orders for more than one client's account. From time to time, and only where appropriate, we aggregate orders for securities transactions for more than one client and, in appropriate circumstances. In doing so, we strive to treat each client fairly and will not favor one client over another client. When executed, we will allocate the aggregated order in accordance with policies and procedures intended to achieve fair treatment. The purpose of aggregating orders is for our administrative convenience and, in some transactions, to obtain better execution for the aggregated order than might be achieved by processing each of the transactions separately.

Each account that participates in an aggregated order will participate at the average share price for all transactions ordered by our firm in that security on a given business day. Transaction costs will be shared on a pro rata basis. Some broker-dealers charge brokerage commissions to each participating client in accordance with the size of that client's part of the aggregated order, regardless of the total size of the aggregated order. If an aggregated order is not filled in its entirety, it will be allocated among participating accounts on a pro rata basis. Representatives submit aggregated order allocations to our Operations Department and these orders are monitored for timing and completion at the end of each trading day. Representatives that trade for their own accounts within models and are not day trading a security may include their own personal account in an aggregated order.

## **DIGITAL ADVISOR**

In addition to our portfolio management and other services, the Program includes the brokerage services of CS&Co, a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use CS&Co as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with CS&Co by entering into an account agreement directly with CS&Co. We do not open the account for the client. If the client does not wish to place his or her assets with CS&Co, then we cannot manage the client's account through the Program. As described in the Program Disclosure Brochure, SWIA may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Program.

## **REVIEW OF ACCOUNTS**

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

**Reviews:** While the underlying securities within accounts are continually monitored, accounts are reviewed periodically on either a random or targeted basis. Accounts are reviewed in the



context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. These accounts are reviewed by firm supervisory personnel.

**Reports:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we may provide quarterly reports summarizing account performance, balances and holdings.

### **QUALIFIED RETIREMENT PLANS**

**Reviews:** IPIWM will review the client's Investment Policy Statement ("IPS") whenever the client advises us of a change in circumstances regarding the needs of the plan. IPIWM will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. These accounts are reviewed by the Operations Department and/or a designated supervisor at the time of the account opening and on a random or targeted basis.

**Reports:** IPIWM will provide reports to Qualified Retirement Plan clients based on the terms set forth in the client's IPS.

### **SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS**

**Reviews:** These client accounts should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment adviser. IPIWM will provide reviews as contracted for at the inception of the advisory relationship. These accounts are reviewed by supervisory personnel of the firm on a random or targeted basis.

**Reports:** These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser.

IPIWM may provide these client accounts with reports as contracted for at the inception of the advisory relationship.

### **FINANCIAL PLANNING AND CONSULTING SERVICES**

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

**Reports:** Financial planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise agreed upon.



## **CLIENT REFERRALS AND OTHER COMPENSATION**

We currently do not engage solicitors or pay related or non-related persons for referring potential clients to our firm.

It is our policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **CUSTODY**

We previously disclosed in the "Fees and Compensation" section of this Disclosure Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also may send performance reports directly to our asset management clients on at least a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Our firm does not have custody of client accounts. Your custodian will provide you account statements at least quarterly. We urge you to carefully review such statements and compare these official custodial records to the account statements or other reports that we may provide to you, as described in the "Review of Accounts" section. Our advisory reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

## **DIGITAL ADVISOR**

Under government regulations, we are deemed to have custody of a client's assets if the client authorizes us to instruct CS&Co to deduct our advisory fees directly from the client's account. This is the case for accounts in the Program. CS&Co maintains actual custody of clients' assets. Clients receive account statements directly from CS&Co at least quarterly. They



will be sent to the email or postal mailing address the client provides to CS&Co. Clients should carefully review those statements promptly when received.

## **INVESTMENT DISCRETION**

We generally receive discretionary authority in writing from clients at the outset of an advisory relationship in the Agreement. If you choose to do so, discretionary authority grants us the ability to determine, without obtaining your specific consent, the securities to be bought or sold for your portfolio, the amount of securities to be bought or sold, and in most cases, the broker-dealer to be used and the commission rate to be paid. In all cases, however, such discretion is to be exercised in a manner consistent with your stated investment objectives for the account, by considering the size of your account and your risk tolerance.

Also, you may sign an agreement with your custodian that generally includes a limited power of attorney granting us authority to direct and implement the investment and reinvestment of your assets within the account, but not direct the assets outside of the account.

When selecting securities and determining amounts, we observe any investment policies, limitations and restrictions you provide to us in writing. For registered investment companies, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

As described in more detail in the “Advisory Business” section, you may establish written investment guidelines and restrictions.

## **VOTING CLIENT SECURITIES**

IPIWM will vote proxies on behalf of advisory clients, at the discretion of the client; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account.

In accordance with SEC Rule 206(4)-6, IPIWM will vote proxies in the best interests of its clients and in accordance with our established policies and procedures:

- IPIWM will vote proxies for the same issuer the same unless directed otherwise by the client;
- IPIWM will generally follow the board's recommendation on any proposal with the perspective that if the board is opposed to a proposal and the proposal is not decreasing or diminishing an already existing shareholder right or power, the board is in the best position to judge the effects of the proposal on the company's management.





- IPIWM reserves the right to disregard the board's recommendation when IPIWM believes the interests of the shareholders are in conflict with the interests or position of the board of directors.

IPIWM maintains records regarding the history of proxy votes. Clients may obtain, free of charge, a record of how IPIWM voted proxy issues on their behalf by submitting a written request.

Should a conflict of interest arise between IPIWM and client(s) regarding the outcome of certain proxy votes, IPIWM is committed to resolving the conflict in the best interest of client(s) before the proxy in question is voted. IPIWM will disclose the conflict to clients and obtain consent before voting. If the consent is unable to be obtained, IPIWM will retain an independent third party to cast the vote.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

We vote proxies for some, but not all of our clients. Clients may, at their election, choose to receive proxies related to their own accounts, in which case we may consult with clients as requested.

## **DIGITAL ADVISOR**

As described in the Program Disclosure Brochure, clients enrolled in the Program designate SWIA to vote proxies for the ETFs held in their accounts. We have directed SWIA to process proxy votes and corporate actions through and in accordance with the policies and recommendations of a third party proxy voting service provider retained by SWIA for this purpose. Additional information about this arrangement is available in the Program Disclosure Brochure. Clients who do not wish to designate SWIA to vote proxies may retain the ability to vote proxies themselves by signing a special CS&Co form available from us.

## **FINANCIAL INFORMATION**

We have no financial liabilities, obligations or commitments that impair our ability to meet our contractual and fiduciary commitments. We have not been the subject of a bankruptcy proceeding.