

FIRM BROCHURE

Part 2A of Form ADV

March 23, 2018

Index Fund Advisors, Inc.

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Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Index Fund Advisors, Inc. If you have any questions about the contents of this Brochure, please contact us at (949) 502-0050 and/or www.ifa.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Index Fund Advisors, Inc. is registered as an investment adviser with the Securities and Exchange Commission (“SEC”); however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about Index Fund Advisors, Inc. is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

The last annual update of this Brochure is dated March 7, 2017. IFA encourages each client to read the Brochure carefully and to call us with any questions you may have.

Pursuant to SEC Rules, IFA will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of IFA's fiscal year, along with a copy of this Brochure or an offer to provide the Brochure. Additionally, as IFA experiences material changes in the future, we will send you a summary of our "Material Changes" under separate cover. For more information about the firm, please contact Michelle@ifa.com.

Additional information about IFA and its investment adviser representatives is available on the SEC's website at www.adviserinfo.sec.gov.

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Item 4: Advisory Business

About the Company

Index Fund Advisors, Inc. (“IFA”) is an SEC registered investment adviser based in Irvine, California. IFA is organized as a corporation under the laws of the State of Delaware, and has been providing fee-only investment advisory services since 1999. Prior to July 1, 2013, the Firm operated under the name of “Index Funds Advisors, Inc.”, and was incorporated in, and governed by the laws of, the State of California. Mark T. Hebner, President, is IFA’s principal owner.

Investment Advisory Services

At IFA, we offer discretionary investment advisory services that focus specifically on providing our clients with portfolios of passively managed or index mutual funds. IFA offers customized investment management services to individuals, high net worth clients, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other types of business entities.

Our investment advice is tailored to match each of our clients’ capacity for risk. If you retain our firm for investment advisory services, we will help you determine your risk capacity in consideration of five dimensions of risk: time horizon and liquidity needs; net income; net savings; investment knowledge; and attitude toward risk. We will provide investment advisory services with respect to each account designated by our clients for management, as follows:

- make recommendations based on our clients’ risk capacity;
- develop an asset allocation of primarily passively managed mutual funds;
- place trades on behalf of our clients;
- accept liability for trading errors (if such arise) that are caused by our actions or inactions;
- provide quarterly performance reports;
- perform quarterly portfolio reviews to determine if rebalancing is necessary; and
- rebalance when deemed necessary.

Additional services may include investment related tax management and “Glide Path” portfolio management. Investment related tax management will provide advice on tax efficient investment strategies and tax loss harvesting opportunities. Glide Path portfolio management can be an optional automated risk reducing investment strategy whereby portfolios become gradually more conservative (higher allocation to fixed income funds versus equity funds) over time.

Types of Investments

We primarily recommend index funds; however, we may also offer advice on equity securities, U.S. government securities, corporate debt securities, municipal debt securities, mutual funds, and exchange traded funds. We will also review, and when appropriate, make recommendations to the sub-accounts within variable annuities and variable life insurance products. Additionally,

we may provide advice on other types of investments that we deem appropriate based on the client's stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Wealth Services

In addition to customized investment advice and portfolio strategies, IFA offers online planning and referral services. Many areas of personal finance are interrelated and IFA's investment advice can be refined through computer analysis to better help a client meet their financial objectives. Finally, IFA can work with estate attorneys, corporate trustees and insurance advisors to coordinate and integrate financial planning services for a better overall client experience.

Online Planning

Financial Planning – IFA offers IFA FinPlan, powered by eMoney to provide a complimentary, wealth management system that will allow our clients to track their assets, liabilities, income, and spending across all their accounts as well as store all their important documents in electronic form. Wealth Advisors can work with their clients to produce financial plans, using this analysis as the foundation for recommendations to achieve each client's financial objectives.

Retirement Planning – With the aid of the IFA Retirement Plan Analyzer, IFA Wealth Advisors are able to help clients make more informed decisions in each stage of their lives.

College Planning – IFA's College Savings Analyzer helps IFA Wealth Advisors align a client's college funding objectives with an appropriate college savings and investment plan.

Referral Services

Estate Services – IFA Wealth Advisors can refer clients to estate attorneys to create estate plans and aid in the implementation of the plans.

Trust Services – For trust management and administrative needs, IFA Wealth Advisors can refer clients to corporate or administrative trustees.

Insurance Services – IFA Wealth Advisors refer clients to insurance advisors and collaborate with the advisors to integrate the insurance policies with the overall financial needs of the client.

Charitable Giving – IFA Wealth Advisors assist clients in setting up donor advised funds, which are charitable giving accounts that provide an efficient way to make grants to charities.

(See Item 14 – “Client Referrals and Other Compensation” for more information)

Retirement Plans Services

IFA offers advisory services to a variety of employer-sponsored retirement plans including 401(k), 403(b) and church plans. Services include plan-level services (fiduciary best practices), investment services (investment advice and investment management), and participant services (education, enrollment and advice.) Taking advantage of IFA’s expertise with index funds, model portfolios and risk capacity surveys, IFA is able to deliver robust services to employer-sponsored retirement plans designed to achieve the objectives of both plan sponsors and plan participants.

Advisory Agreements

Prior to engaging IFA to provide investment advisory and wealth services, the client will be required to enter into one or more written agreements with IFA setting forth the terms and conditions under which IFA shall render its services (collectively the “Agreement”).

In accordance with Rule 204-3 under the Investment Advisers Act of 1940, as amended (“Advisers Act”), IFA will provide a brochure and one or more brochure supplements to each client or prospective client prior to or contemporaneously with the execution of an investment advisory agreement.

The Agreement between IFA and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. Neither IFA nor the client may assign the Agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of IFA shall not be considered an assignment.

Collective Investment Funds

IFA through its division Investing For Catholics (“IFC”) is the sub-adviser to collective investment funds (“CIFs”). The funds are created by the Hand Composite Employee Benefit Trust and sponsored by Hand Benefits & Trust Company (“HBT”), a BPAS company. They are built and managed by IFC. CIFs are not mutual funds. Their shares are not deposits of Hand Benefits & Trust Company or of IFC and are not insured by the Federal Deposit Insurance Corporation or any other agency. A CIF is a security which has not been registered under the Securities Act of 1933 and is exempt from investment company registration under the Investment Company Act of 1940. The CIFs are available for use solely by ERISA qualified retirement plans and non-ERISA 403(b)(9) church plans for which HBT serves as either Trustee or as an Agent for a duly appointed Trustee. It is anticipated that all units of each CIF shall be maintained in tax exempt trusts benefiting such retirement plans.

Assets Under Management

As of December 31, 2017, the following represents the amount of client assets under management by IFA on a discretionary basis:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$3,825,745,903.23
Non-Discretionary	\$0
Total:	\$3,825,745,903.23

Item 5: Fees and Compensation

Investment Advisory and Wealth Services

Our maximum fee for investment advisory and wealth services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<u>Assets Under Management</u>	<u>Annual Fee is Billed Quarterly as Follows</u>	<u>Annual Fee</u>
First \$500,000	0.2250%	0.90%
Next \$500,000	0.1875%	0.75%
Next \$1,000,000	0.1500%	0.60%
Next \$2,000,000	0.1125%	0.45%
Next \$2,000,000	0.0750%	0.30%
Next \$4,000,000	0.0625%	0.25%
Next \$10,000,000(+)	0.0500%	0.20%

The fee schedule results in a blended fee for assets over \$500,000. For example, the blended annual fee for \$1,000,000 is 0.825% (the First \$500,000 at 0.90% and the Next \$500,000 at 0.75%).

Our annual investment advisory fees are billed quarterly and payable three months in advance and are based upon the value of assets held in the account on the last trading day of the month immediately prior to the three-month period. You will not be billed until you have signed our Client Agreement, completed our Risk Capacity Survey, and completed the account opening/transfer process. (Retirement Plan clients require a signed Investment Policy Statement rather than the Risk Capacity Survey.) For example, if you complete this process in January, you will be billed beginning February 1st. Our advisory fee is negotiable at the sole discretion of IFA. As stated in our Client Agreement, we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. Further, the qualified custodian will deliver an account statement to you at least quarterly showing all disbursements from your account. Although IFA believes its advisory fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources. In addition, IFA has the discretion to and may lower its advisory fees, thereby providing a discount if and when an investment adviser representative leaves IFA. This may serve as an incentive for the client to remain with IFA, as such discounts could result in a substantial savings in advisory fees.

Retail client's account assets are held at one of three custodians. They include Charles Schwab, Fidelity and TD Ameritrade. Retirement Plan account assets are held at numerous custodians, in

addition to these three. In addition to the fees charged by us, there are transaction charges involved when purchasing and selling securities in client accounts, which are charged by the custodian. A written confirmation of each transaction including all transaction charges will be sent by the custodian to the client immediately following execution of each transaction. Please refer to Item 12, Brokerage Practices section below for detailed information on these brokerage services.

Except for situations that involve termination of the Client Agreement, the above-described fee will be (a) increased by a pro-rata charge for assets deposited during the prior billing period based upon the number of days during that billing period that such assets were in an IFA managed account and (b) decreased by a credit for assets withdrawn during the prior billing period based upon the number of days during that billing period that such assets were not in an IFA managed account.

Either you, the client, or we, IFA, may terminate our Client Agreement by written notice stating the effective date of termination. If no effective date of termination is stated, termination shall occur on the last trading day of the month during which written notice is received by the other party. If you terminate our Client Agreement, your fee will be based upon the value of assets deposited in the account and the number of days which assets were held in the account prior to termination. You will then be reimbursed a pro-rata portion of any unearned fee. If we terminate our Client Agreement, your fee for the final three month billing period will be pro-rated to the account for the duration during which assets were held in the account.

We encourage our clients to reconcile our advisory fee invoices with the fee deductions shown on statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian please call our main office number located on the cover page of this brochure.

IFA does not charge a separate or additional fee for the Wealth Services described above in Item 4.

Additional Fees and Expenses

The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. You will incur transaction and/or brokerage fees from the custodian when we purchase or sell index funds or other securities in your account. You may also pay additional custodial fees. Please refer to your account agreement with your custodian. We do not share in any fees charged by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by all parties, including, but not necessarily limited to, mutual funds, exchange traded funds, our firm and your custodian.

We may accept accounts for clients who have opted for the margin feature available on their account. These accounts require you to sign a separate margin agreement with the custodian before margin is extended to your account. The use of margin will result in interest charges in addition to all other fees and expenses associated with the security involved.

Arrangement with Third Party Advisors (TPAs)

We have arrangements with Third Party Advisors which include Network Members and Solicitors. Network Members are third party, registered investment advisors independent of our firm who pay a fee to license the use of our website (www.ifa.com). Solicitors are a third party, independent from our firm, who receive a share of the IFA fee to recommend our services to clients.

Our firm does not endorse or recommend Network Members or Solicitors individually or as a group, nor do we endorse or recommend any of their investment strategies. We strongly encourage investors to perform due diligence on any investment manager they consider hiring, regardless of whether that manager is our firm, a Network Member, or Solicitor.

For solicitor compensation arrangements, please see the Item 14: Client Referrals and Other Compensation section below.

Collective Investment Funds

IFA receives a negotiated management fee for its sub-advisory services to the CIFs. To the extent the trust and administration fees fail to meet the minimum fee outlined in the agreement between IFA and HBT, IFA will pay such minimum fee. This presents a conflict of interest as IFA has an incentive to recommend the CIF to avoid paying the minimum fee for trust and administration expenses.

Item 6: Performance-Based Fees and Side-by-Side Management

We do not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains on or capital appreciation of the client's assets or any portion of the client's assets). We do not participate in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management).

Item 7: Types of Clients

Investment Advisory and Wealth Services

We offer discretionary investment advisory services to individuals and institutions, including, endowments, foundations, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, collective investment funds, and other business entities.

If a Client's account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), IFA acknowledges that we are qualified to serve as a discretionary investment manager and will accept fiduciary status to certain plans under Section 3(38) of ERISA. In this capacity, the plan's sponsor or those who would otherwise be responsible for selecting and monitoring the plan's investment options are allowed to delegate these fiduciary duties to IFA. In providing our investment management

services, the sole standard of care imposed upon us is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

IFA will provide certain required disclosures to the “responsible plan fiduciary” (as such term is defined in ERISA) in accordance with Section 408(b)(2), regarding the services we provide and the direct and indirect compensation we’ve receive by such clients. Generally, these disclosures are contained in this Form ADV Part 2A, the client agreement and in separate ERISA disclosure documents, and are designed to enable the ERISA plan’s fiduciary to: (1) determine the reasonableness of all compensation received by IFA; (2) identify any potential conflicts of interests; and (3) satisfy reporting and disclosure requirements to plan participants.

In general, we require a minimum of \$100,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size.

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

Our Methods of Analysis and Investment Strategies

IFA’s investment analysis and strategies can be summarized as follows:

- Extensive research has shown that investment strategies that try to beat the market are not successful over the long term.
- We invest globally in capital markets through the use of index funds. IFA defines an index fund as a mutual fund that has a set of rules of investing that are held constant regardless of market conditions.
- We have designed index portfolios, based off of IFA Indexes, to address our clients’ widely varying levels of risk capacity.
- We design our index portfolios to include a tilt towards equity investments in indexes that include more smaller and value oriented companies than many well-known indices.
- The implementations of IFA’s Index Portfolios for our clients may obtain different returns than the index portfolio returns shown on IFA’s Website for several reasons such as the use of different mutual funds, depending on the client’s unique situation. A more detailed explanation may be found on www.ifabt.com.
- Most of IFA’s index portfolios also include indexes of fixed income and real estate investment trust (REITs).

In implementing our index portfolios, we do not attempt to time the overall index portfolio or individual indexes. Instead, we advise our clients to buy, hold, rebalance, and Glide Path index portfolios that are globally diversified and incorporate an appropriate level of risk with a ratio of fixed income to equities as determined by our Risk Capacity Survey which is located on our website.

In September 2013, IFA changed the numbering system where the Index Portfolio number now matches the equity allocation of the portfolio. Secondly, there is an increased tilt toward small

and value equities among the stock indexes in the portfolios. To accommodate the new numbering system, 10 points were added to past and future Risk Capacity Survey scores.

IFA applies the tenets of Modern Portfolio Theory ("MPT"), which, in part, states that when investing, risk must be considered as well as return. We attempt to maximize a portfolio's expected return for a given amount of portfolio risk by carefully choosing the proportions of various indexes. We construct our clients' portfolios utilizing a large data series for asset class indexes. This data is back tested and aggregated through our Time Series Construction for asset class indexes dating back to 1928, as described on www.ifaindexes.com.

We incorporate the findings of Nobel Laureate Eugene F. Fama of the University of Chicago and Kenneth R. French of Dartmouth University, who together identified four risk factors associated with stock market returns (market, size, value, and profitability) and two risk factors associated with fixed income returns (term and default). Their Multi-Factor Model demonstrated that a diversified portfolio's exposure to the market as a whole, as well as the degree to which that portfolio carries increased or decreased exposure to small company stocks, stocks with high book-to-market ratios (also known as value stocks), and high profitability stocks primarily determines the portfolio's equity returns over time.

Many empirical studies guide our selection of indexes and funds in the construction of IFA Index Portfolios and their implementations. Our investment portfolios are designed in consideration of the conclusions of many studies, including the following:

- ✓ Harry Markowitz, "Portfolio Selection," *Journal of Finance* (1952)
- ✓ William Sharpe, "Capital Asset Prices - A Theory of Market Equilibrium Under Conditions of Risk," *Journal of Finance* (1964)
- ✓ Gary P. Brinson, L. Randolph Hood, and Gilbert L. Beebower, "Determinants of Portfolio Performance," *The Financial Analysts Journal* (1986)
- ✓ Eugene Fama and Kenneth French, "The Cross-Section of Expected Stock Returns," *Journal of Finance* (1992)
- ✓ Eugene Fama and Kenneth French, "Common Risk Factors in the Returns on Stocks and Bonds," *Journal of Financial Economics* (1993)
- ✓ Eugene Fama and Kenneth French, "Size and Book-to-Market Factors in Earnings and Returns," *Journal of Finance* (1994)
- ✓ John Graham and Campbell Harvey, "Market Timing Ability and Volatility Implied in Investment Newsletter' Asset Allocation Recommendations," *National Bureau of Economic Research Paper #4890* (1995)
- ✓ Eugene Fama and Kenneth French, "Value versus Growth: The International Evidence," *Journal of Finance* (1998)
- ✓ Laurent Barras, Olivier Scaillet, Russ Wermers, "False Discoveries in Mutual Fund Performance: Measuring Luck in Estimating Alphas," *Journal of Finance*, Forthcoming.
- ✓ Amit Goyal and Sunil Wahal, "The Selection and Termination of Investment Managers By Plan Sponsors," *Journal of Finance*, Forthcoming
- ✓ Scott D. Stewart, CFA, John J. Neumann, Christopher R. Knittel, and Jeffrey Heisler, CFA, "Absence of Value: An Analysis of Investment Allocation Decisions by Institutional Plan Sponsors," *Financial Analysts Journal* (2009)

Risk of Loss

Investing involves risk of loss that you should be prepared to bear. Material risks associated with our passive strategy include the systematic risk of being invested in the market, known as “market risk.” Additionally, investing in accordance with the Multi-Factor Model may cause investors to experience a higher level of volatility in the small, value, and profitability oriented investments.

In addition, generally, the market value of stocks will fluctuate with market conditions, and small cap stock prices generally will move up and down more than large cap stock prices. Small-capitalization (“small cap”) stocks may be subject to a higher degree of risk than more established (large capitalization) companies’ securities. The illiquidity of the small-cap market may adversely affect the value of client investments. The market value of bonds will generally fluctuate inversely with interest rates and other market conditions prior to maturity and will equal par value (face value) at maturity. In addition, there is no assurance that a mutual fund or an Exchange Traded Fund (“ETF”) will achieve its investment objective. Investments in overseas markets (international securities) also pose special risks, including currency fluctuation and political risks, and such investment may be more volatile than that of a U.S. only investment. The risks are generally intensified for investments in emerging markets. We do not represent or guarantee that our services or methods of analysis can or will predict future results or insulate clients from losses due to market declines. We do not offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Recommendation of Particular Types of Securities

As disclosed in Item 4 - Advisory Business, we offer advice on several types of investments; however, we primarily recommend index funds.

Tax Reporting

As a result of IRS regulations your custodian will default to the Tax Lot Optimizer accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Wealth Services

IFA utilizes third party financial planning software to prepare written financial plans. The IFA Retirement Plan Analyzer and IFA College Savings Analyzer are proprietary and incorporate a technique called “Monte Carlo Simulation” to refine the time-value of money calculations by performing a statistical analysis of 10,000 computer-simulated outcomes. Financial calculators can provide valuable estimates and test “what-if” scenarios, however, there is a high degree of

uncertainty in long-term financial modeling and clients are advised that these tools are very sensitive to the data input and offer no assurance that a client's objectives will be met.

Retirement Plans Services Performance Monitoring

For the purpose of the quarterly monitoring of the funds that IFA advises for its retirement plan clients, IFA has developed its own proprietary scoring system. The factors that it considers for equity funds are fund expense ratio, turnover, average market capitalization, average price-to-book ratio, number of holdings, percentage of assets contained in the top ten holdings, and the Sharpe ratio for the prior 3, 5, and 10-year periods. The factors considered for bond funds are net expense ratio, effective duration, and volatility, which in IFA's opinion, is a reasonable proxy for average quality for which there is no quantitative measurement. IFA's scoring system reflects its position that the primary determinants of a fund's future performance are its asset allocation and expenses.

Item 9: Disciplinary Information

Registered investment advisers such as IFA are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of IFA or the integrity of its management. Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

Item 10: Other Financial Industry Activities and Affiliations

IFA and its Associated Persons do not have any financial industry activities (except as stated below), financial industry affiliations, nor recommend other advisers.

Doing Business As

Investing for Catholics is a DBA (doing business as) of our firm that advises on socially responsible, passively managed portfolios.

Other Outside Activities

Our principal owner of IFA is also a columnist and an author on topics related to investing and the financial services industry. He owns and operates Four Pines Publishing, Inc. Four Pines Publishing, Inc. creates and distributes educational materials for children and adults. The firm's various instruments, books, films, kits, paintings, and library of vintage books contribute to the mission of educating people about statistics, science, mathematics and investing. Four Pines Publishing and IFA share office space and some personnel.

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

Description of Our Code of Ethics

The Investment Advisers Act of 1940 imposes a fiduciary duty on all investment advisers to act in the best interest of its clients. Our clients therefore entrust us to use the highest standards of integrity when dealing with their assets and making investments that impact their financial future. Our fiduciary duty compels all employees to act with integrity in all of our dealings. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our employees. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our employees are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that all persons associated with our firm submit reports of their personal account holdings and transactions to the Chief Compliance Officer of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

Because the Code would permit Associated Persons of ours to invest in the same securities as clients, there is a possibility that our Associated Persons could benefit from market activity by a client in a security held by that person. Employee trading is continually monitored under the Code, with an eye to reasonably prevent conflicts of interest between IFA and its clients.

We do not affect any principal or agency cross securities transactions for client accounts, nor do we affect cross-trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Should we ever decide to affect principal trades or cross-trades in client accounts, it will comply with the provisions of Rule 206(3) of the Advisers Act.

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest may

exist in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this potential conflict of interest, it is our policy that neither our employees nor we shall have priority over your account in the purchase or sale of securities.

In the case of mutual funds, which are our primary investment recommendation, effecting transactions in mutual funds recommended to you cannot conflict with our interest in the same funds because open-end mutual funds are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, our personal transactions in mutual funds will not have an impact on the prices of the fund shares in which you invest.

Item 12: Brokerage Practices

Investment Advisory Services

Retail clients will generally select to execute securities transactions through one of three custodians. They are, in no particular order, Charles Schwab Institutional (“Schwab”), Fidelity Investments (“Fidelity”), and TD Ameritrade Institutional (“TD Ameritrade”). We believe that these custodians provide execution services at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In exchange for the level of quality each of these companies provides, you may pay higher or lower commissions and/or trading costs than those that may be available elsewhere.

Research and Other Benefits

IFA participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the Program.

Some of our clients’ accounts are included in the Program in which we participate. Through this program we receive some benefits from TD Ameritrade that are typically not available to TD Ameritrade retail investors. There is no direct link between our participation in the Program and the investment advice we provide to you. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on

compliance, marketing, research, technology, and practice management products or services provided to our firm by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our Associated Persons. Some of the products and services made available by TD Ameritrade through the Program may benefit our firm and/or Associated Persons but may not benefit you or your accounts. These products or services may assist our firm in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits we receive through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

Schwab provides our firm with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers at no charge to them so long as a total of at least \$10 million of the firm's clients account assets are maintained at Schwab. Schwab services may include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require significantly higher minimum initial investments. Schwab also makes available other products and services that benefit our firm but may not benefit our clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information and other market data, facilitate payment of our advisory fees from our clients' accounts, and assist with back-office support, recordkeeping and client reporting. Our access to the foregoing products and services is not contingent upon our committing to Schwab any specific amount of business (assets in custody or trading). The products and services we receive from the custodians will generally be used in servicing all of our clients' accounts. Our use of these products and services will not be limited to the accounts that paid commissions to the broker-dealer for such products and services.

In addition, our firm most commonly recommends the mutual funds developed by Dimensional Fund Advisors ("DFA"). While we do not receive compensation for this recommendation, nor do we receive commissions on the sale of the mutual funds, DFA provides us with access to a software program that enables us to generate risk and return data relative to their indexes and funds. This program assists us in providing data to clients and potential clients. DFA also provides an on-going education program through webinars on advanced topics, educational conferences that provide analytics and current research data, and a proprietary website of articles, research, and analytical tools.

Brokerage for Client Referrals

See additional information under Item 14, Client Referrals and Other Compensation.

Directed Brokerage

The Schwab, Fidelity, or TD Ameritrade custodial arrangement is a type of directed brokerage arrangement since these firms generally require that client transactions be placed with each firm for execution. Clients should understand that not all advisers require their clients to use one of the above mentioned custodians or otherwise direct brokerage. We have selected these firms to provide our clients with brokerage and custodial services because we believe one of these firms can provide best execution. To help ensure that clients are receiving best execution and to address the conflict of interest surrounding this arrangement, we perform periodic reviews of the quality of execution and services provided by these firms.

Block Trades

Transactions for each client will be effected independently. We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage. This practice is commonly referred to as “block trading”.

Trade Errors

Errors created in an account (for which IFA is responsible) must be corrected so as not to harm any client. The goal of error correction is to make the client “whole”, regardless of the cost to us. We will not correct a trade error made in a client’s account by allocating the trade to a different account, unless that account was meant to receive the trade in the first place.

Item 13: Review of Accounts

Investment Advisory Services

Our Trading and Risk Management Department will monitor your accounts on a quarterly basis. Additional reviews may take place based on various circumstances, including, but not limited to:

- contributions and withdrawals; and
- changes in your risk/return objectives or your risk capacity.

We will provide you with quarterly performance reports showing total portfolio value, portfolio holdings, and internal rate of return. You will receive trade confirmations, monthly or quarterly statements, and year-end tax statements from your account custodian.

Item 14: Client Referrals and Other Compensation

Please refer to the Item 12, Brokerage Practices section above for disclosures on research and other benefits we may receive resulting from our relationships with Schwab, Fidelity, TD Ameritrade, and DFA.

IFA may enter into agreements with individuals that refer clients to IFA. All such agreements will be in writing and comply with the requirements of Rule 206(4)-3 of the Advisers Act. If a client is introduced to IFA by a solicitor, IFA may pay that solicitor a fee in accordance with the requirements of Rule 206(4)-3 and any corresponding state securities law requirements. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm may receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor may have a financial incentive to recommend our firm to you for advisory services. This creates a possible conflict of interest since Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We recommend that you request Solicitors to disclose to you whether multiple referral relationships exist and whether comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

TD Ameritrade AdvisorDirect Program

We may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, we may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with us. No employee or agency relationship exists between us and TD Ameritrade. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisers. TD Ameritrade does not supervise us and has no responsibility for our management of client portfolios or our other advice or services. We pay TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to us ("Solicitation Fee"). We will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by us from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired us on the recommendation of such referred client. We will not charge clients referred through AdvisorDirect any fees or costs higher than our standard fee schedule offered to our clients or otherwise pass Solicitation Fees paid to TD Ameritrade to our clients. For information regarding additional or other fees paid directly or indirectly to TD, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Our participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisers that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, we may have an incentive to recommend to clients that the assets under management by us be held in custody

with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, we have agreed not to solicit clients referred to us through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when our fiduciary duties require doing so. Our participation in AdvisorDirect does not diminish our duty to seek best execution of trades for client accounts.

Referral Services

IFA may refer clients to unaffiliated professionals for a variety of services such as insurance advice, trust services, and estate planning. In turn, these professionals may refer clients to IFA. IFA will not refer clients to financial planners and other investment advisers unless they are licensed, registered or exempt from registration as an investment adviser.

IFA does not receive any monetary compensation for referring our clients to unaffiliated professionals. However, it could be concluded that IFA is receiving an indirect economic benefit from this practice as the relationships are mutually beneficial and there could be incentive to recommend services of those who refer clients to IFA. These referrals do not involve in any way client brokerage or the use of client commissions. IFA will never share information with an unaffiliated provider unless first authorized by the client. Clients are under no obligation to purchase any products or services through these professionals. IFA has no control over the services provided by another firm. Clients who chose to engage these professionals will sign a separate agreement with the other firm. Fees charged by the other firm are separate from and in addition to fees charged by IFA.

If the client desires, IFA will work with these professionals or the client's other advisers (such as an insurance advisor, attorney, or trustee) to help ensure that the provider understands the client's financial plan/investments and to coordinate services for the client.

Item 15: Custody

Pursuant to Rule 206(4)-2 of the Advisers Act, we are deemed to have custody of client funds because we have the authority and ability to debit our fees directly from our clients' accounts. We are also deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and under that SLOA authorize us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. To mitigate any potential conflicts of interests, all of our client account assets will be maintained with an independent qualified custodian.

Your independent custodian will directly debit your account(s) for the payment of our advisory fees as stated in your Client Agreement. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities and our ability to direct the movement of money to third-parties under an SLOA that you authorize also deems us to have custody. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified

custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian will indicate the amount of our advisory fees deducted from your account(s) each billing period and any funds distributed from your account. You should carefully review account statements for accuracy.

If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

Item 16: Investment Discretion

Investment advisory services are performed by IFA on a discretionary basis and before we can buy or sell securities on your behalf, you must first sign our discretionary Client Agreement and your independent custodian's agreements. We require that you grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your prior consent for each transaction. You may request investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may request that certain investments be incorporated when implementing your portfolio. Requests such as this will be considered on a case by case basis with respect to our fiduciary responsibility to you. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

Item 17: Voting Client Securities

IFA's policy and practice is to not vote individual company proxies on your behalf and therefore, IFA shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a client's account. If the account is an ERISA account and such authority has not been delegated to another named fiduciary in the plan's written documents, IFA will advise the plan to delegate to a third party. If you own shares of common stock, you are responsible for exercising your right to vote as a shareholder. IFA typically does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

Item 18: Financial Information

IFA does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet.

IFA does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients, and has not been the subject of a bankruptcy proceeding.