

# **Compass Ion Advisors, LLC**

## **Form ADV Part 2A**

### **Investment Advisor Brochure**

**July 2018**

This brochure provides information about the qualifications and business practices of Compass Ion Advisors, LLC. If you have any questions about the contents of this brochure, please contact Compass Ion Advisors, LLC at 610.228.2200 or [DMacGray@ionadv.com](mailto:DMacGray@ionadv.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. Registration as an investment advisor does not imply any level of skill or training.

Additional information about Compass Ion Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The Firm's CRD number is 166418.

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## Item 2: Material Changes

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In this Item of Compass Ion Advisors, LLC's (Compass Ion or the Firm) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment, dated February 7, 2017.

### **Material Changes since the Last Update**

Since the last Annual Amendment filing, the Firm the following material change to report.

- The Firm is deemed to have custody due to the ability to authorize first party money transfers (wires). See more information in Item 15 – Custody.
- There has been a slight change in ownership percentages, but the firm's shareholders remain the same.

### **Full Brochure Available**

Compass Ion's Form ADV may be requested at any time, without charge by contacting Douglas R. MacGray, Principal, Senior Vice President Financial Planning and Chief Compliance Officer, at 610.228.2200 or [DMacGray@ionadv.com](mailto:DMacGray@ionadv.com).

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## Item 4: Advisory Business

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Compass Ion Advisors, LLC is a registered investment adviser with its principal place of business located in Pennsylvania. Compass Ion Advisors, LLC began conducting business in 2008.

The firm's shareholders include James C. Baird, Matthew D. Kane, George J. Limbach, Douglas R. MacGray, and Joshua S. Manifold.

Compass Ion offers the following advisory services to clients:

### **Financial Planning**

Compass Ion provides financial planning services. Financial planning is an integrated evaluation of a client's current and projected future financial status using currently known data, assumptions about future events, goals and variables to project future cash flows and asset values. Compass Ion uses the results of these projections to create planning recommendations in the context of the clients' expressed mission, vision, values and goals. Through the financial planning process, all material questions, information and analysis are considered as they affect and are affected by the entire financial and life situation of the client. Clients receiving this service receive a written report which provides the client with a financial plan designed to assist the client achieve his or her financial goals and objectives.

Compass Ion gathers necessary information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, return objectives and attitudes toward risk. All documentation and information supplied by client, or with the client's permission, are carefully reviewed prior to the preparation of a written report. Should the client choose to implement the recommendations contained in the plan, Compass Ion encourages the client, when necessary, to work closely with his or her attorney, accountant or other appropriate professional. Implementation of financial plan recommendations is entirely at the client's discretion.

Compass Ion also provides general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically the financial plan is presented to the client within three months of the beginning of the process, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

## **Investment Advisory Services**

Generally, Compass Ion provides financial planning and investment advisory services as part of an integrated service, it being a goal of Compass Ion to provide investment advisory services within the context of a full understanding of a client's overall financial situation. Compass Ion provides investment advisory services to individual and family clients based on the individual mission, vision, values and goals of each family. Compass Ion uses a team-driven approach to design diversified, long-term portfolios to meet clients' personal investment goals and objectives. Compass Ion develops strategic and tactical asset allocations for clients. Compass Ion conducts interviews with clients to determine each client's risk profile and seek other personal information during such interviews to enable the Firm to construct an appropriate investment program.

Compass Ion provides investment advisory services to colleges, schools, other charitable organizations and for-profit businesses based on the entity's mission, vision, values and goals. The Firm conducts interviews of key officials at such entities to discover necessary information and develop a risk profile and a strategic asset allocation. Compass Ion uses a team-driven approach to design diversified, long-term-focused portfolios to meet the entity's investment goals and objectives, and in a manner designed to connect the entity's stated mission with the management of the investment portfolio.

Compass Ion manages investment advisory accounts on a discretionary basis or non-discretionary basis. Account supervision is guided by the client's stated objectives as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. The Firm's investment recommendations are not limited to any specific product or service and generally will include mutual fund shares, structured notes and exchange traded funds or notes.

As part of the Firm's investment advisory services, Compass Ion monitors the performance of client portfolios against certain agreed upon benchmarks, assess the performance of securities, and report results to clients through periodic meetings, teleconferences, reports or web portals.

## **Consulting Services to Retirement Plan Sponsors**

Compass Ion provides investment advisory services to plan sponsors of certain qualified retirement plans which meet the Internal Revenue Code requirements and the Employee Retirement Security Act of 1974 (ERISA), such as profit sharing plans, 401(k) plans, 403(b) plans, and 457 plans. The Firm provides recommendations as to the appropriate, limited array of investment options to be chosen from the mutual funds available through the plan's third party administrator investment platform. At the client's desires, Compass Ion also provides informational and educational services to plan participants through seminars, employee meetings, and other manners of communication to assist the participants in learning how to properly utilize the plan and the investment options therein. Compass Ion does not have custody, control, discretionary authority, responsibility for execution and does not take responsibility for valuation, recordkeeping,

or proxy voting.

## **Structured Note Buying Program**

Compass Ion designs and implements Structured Notes for its clients, working with Keel Point Capital, LLC, and the broker-dealer Advisors Asset Management, Inc. Structured notes are hybrid securities that have components of both debt instruments and other underlying securities, such as equities, commodities, options, etc. Certain types of structured notes have the ability to enhance upside return while protecting a portion of downside risk. Compass Ion typically employs these investments for clients as a complement to traditional long-only equity strategies.

## **Sub-Advisors**

Compass Ion may subcontract some or all of its investment advisory services with other registered investment advisers (sub-advisors) and delegate all or a portion of advisory responsibilities to the sub-advisor. Sub-advisors are not affiliated or controlled by Compass Ion.

## **Tailored Relationships**

Compass Ion tailors investment advisory services to the individual needs of the client. Compass Ion clients are allowed to impose restrictions on the investments in their account. All limitations and restrictions placed on accounts must be presented to Compass Ion in writing. Clients will retain individual ownership of all securities.

## **Fiduciary Statement**

Compass Ion and our employees are fiduciaries who must take into consideration the best interests of our clients. The Firm will act with competence, dignity, integrity, and in an ethical manner, when dealing with clients. Compass Ion will use reasonable care and exercise independent professional judgement when conducting investment analysis, making investment recommendations, trading, promoting our services, and engaging in other professional activities.

As a fiduciary, Compass Ion has the obligation to deal fairly with our clients. The Firm has the following responsibilities when working with a client:

- To render impartial advice;
- To make appropriate recommendations based on the client's needs, financial circumstances and investment objectives;
- To exercise a high degree of care and diligence to ensure that information is presented in an accurate manner and not in a way to mislead;
- To have reasonable basis, information, and understanding of the facts in order to provide appropriate recommendations and representations;
- Disclose any material conflict of interest in writing; and

- Treat clients fairly and equitably.

### **Wrap Fee Programs**

Compass Ion does not sponsor or recommend Wrap Fee Programs.

### **Assets Under Management**

As of December 31, 2017, Compass Ion manages \$673,477,000 million in assets under management; all assets are managed on a discretionary basis.

## Item 5: Fees and Compensation

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### Financial Planning

Compass Ion's Financial Planning fee will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Compass Ion's Financial Planning fees are calculated and charged on an hourly basis, ranging from \$100 to \$350 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, Compass Ion will provide an estimate for the total hours at the start of the advisory relationship. The client will be billed quarterly in arrears based on actual hours accrued.

Compass Ion's Financial Planning fees are calculated and charged on a fixed fee basis, typically ranging from \$2,000 to \$12,000, depending on the specific arrangement reached with the client.

Compass Ion may request a retainer upon completion of the initial fact-finding session with the client; however, advance payment will never exceed \$1,200 for work that will not be completed within six months. The balance is due upon completion of the plan.

***Financial Planning Fee Offset:*** Compass Ion reserves the discretion to reduce or waive the hourly fee and/or the minimum fixed fee if a financial planning client chooses to engage the Firm for the Firm's Portfolio Management Services. The client will be billed quarterly in arrears based on actual hours accrued.

### Investment Advisory

Due to the nexus Compass Ion sees between financial planning and investment advisory work, Compass Ion prefers to work with clients for whom the Firm has an ongoing agreement to provide both financial planning and investment advisory services. Therefore, the Firm's ongoing investment advisory fees are designed to create enough revenue to pay for both services as one unified service. Compass Ion's annual fee for Investment Advisory Services and ongoing Financial Planning services are based on a percentage of assets under management and generally range from **0.50% to 1.35%**, payable quarterly in advance. There will be a minimum quarterly fee of \$500, or \$2,000 per year. If at any point the calculation of the investment advisory fee produces a figure that is below \$500, then the fee for that quarter will be \$500.

Clients may make additions to and withdrawals from their account at any time, subject to Compass Ion's right to terminate an account. If assets are deposited into or withdrawn from an account after the inception of a quarter the investment advisory fee payable with respect to the assets will be prorated based on the number of days remaining in the quarter. Clients may withdraw assets from their account by providing Compass Ion with



advance notice. All withdrawals are subject to customary securities settlement procedures.

**Limited Negotiability of Advisory Fees:** While Compass Ion has established the aforementioned fee range, Compass Ion retains the discretion to set and negotiate fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee will be identified in the contract between the adviser and each client.

Compass Ion may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Portfolio Management Services may be charged as a **fixed fee**, negotiated on a case-by-case basis. Overall factors to be considered will include the type and amount of assets to be managed and the complexity of the client's circumstances. Compass Ion's fixed fees range from **\$1,000 to \$20,000**. Fees are due and payable upon completion of the project.

### **Retirement Plan Consulting**

Compass Ion's fees for providing services for consulting services to Retirement Plan Sponsors are based upon a percentage of assets under management and generally range from **0.50% to 1.00%**, payable quarterly in advance.

### **Structured Notes**

If a client agrees to participate in Compass Ion's Structured Notes Buying Program, there is a one-time fee of up to **one percent (1.0%)** in addition to the investment advisory fee described above for any portion of the client's account that is invested in Structured Notes. This fee is shared with Keel Point Capital, LLC and the broker-dealer Advisors Asset Management, Inc. For purposes of the fee calculation, the Firm values the Structured Notes at the initial investment amount of each Structured Note investment and this amount could be higher or lower than the actual value of the Note.

### **Sub-Advisors**

In certain circumstances, the Firm may recommend the services of a sub-advisor, and a sub-advisory fee may be charged in addition to the investment management fee charged by the Firm.

### **Potential Conflict of Interest**

Management personnel and other related persons of the Firm are licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers. In their separate capacities), these individuals are able to implement investment

recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

## **General Information**

In certain circumstances, fees, account minimums and payment terms are negotiable depending on client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.

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

***Mutual Fund Fees:*** All fees paid to Compass Ion Advisors, LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without Compass Ion's services. In that case, the client would not receive the services provided by the Firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the Firm's fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

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

**ERISA Accounts:** Compass Ion is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, the Firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation.

To avoid engaging in prohibited transactions, Compass Ion may only charge fees for investment advice about products for which the Firm and/or the Firm's related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which the Firm and/or the Firm's related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset the Firm's advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

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

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Compass Ion does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## Item 7: Types of Clients

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Compass Ion provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans
- Charitable organizations
- Trusts

### **Account Minimums**

Compass Ion generally requires a minimum account under certain circumstances of \$500,000 for investment advisory clients, although this may be negotiable. Compass Ion may group certain related client accounts for the purposes of achieving the minimum account size.

There will be a minimum quarterly fee of \$500, or \$2,000 per year. If at any point the calculation of the Management Fee produces a figure that is below \$500, then the fee for that quarter will be \$500.

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

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### Methods of Analysis

Compass Ion uses the following methods of analysis in formulating the Firm's investment advice and/or managing client assets:

**Asset Allocation.** Rather than focusing primarily on securities selection, Compass Ion attempts to identify an appropriate asset allocation ratio appropriate to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the asset allocation ratio will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis.** Compass Ion looks at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions.

Compass Ion also looks at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. Compass Ion also monitors the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as Compass Ion does not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Structured Notes.** Although an investment in Structured Notes is often aimed at reducing volatility in client portfolios, investing in Structured Notes involves a certain degree of risk. Principally, such risks are:

- a. The performance of the notes is related to the performance of the underlying indices (i.e., equities, commodities, etc.), so if the underlying index were to decline one hundred percent (100%), then the investment would result in the loss of the entire investment.

- b. The payment of any amount due at maturity is subject to the issuer's ability to pay its obligations when they become due.
- c. The notes are not listed on any securities exchange. There may be no market for selling these notes before maturity. Neither the issuer nor the Firm is obligated to buy the notes. If the issuer does buy the note back before maturity, the fact that selling and structuring costs were included in the original purchase price will negatively impact the price to be paid by the issuer.
- d. The notes are not insured by any governmental agency.
- e. The notes typically do not pay interest or dividends.
- f. The issuer or its affiliates also perform other functions in connection with the issuance of the notes. In performing these duties, the economic interests of the issuer could potentially be adverse to the client.
- g. Certain notes are callable by the issuer, meaning that the issuer can choose to redeem the notes prior to maturity. In such a case, a client will not receive gains that arise after the note has been redeemed.
- h. The structure of certain notes limits the potential payment at maturity, regardless of the appreciation of the underlying index.

***Third-Party Money Manager Analysis.*** Compass Ion examines 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. Compass Ion monitors the manager's underlying holdings, strategies, concentrations and leverage as part of the Firm's overall periodic risk assessment.

Additionally, as part of Compass Ion's due-diligence process, the Firm surveys 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 Compass Ion does 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 the Firm's clients.

### ***Investment Strategies***

Compass Ion purchases securities with the idea of holding them in the client's account for a year or longer. Typically, the Firm employs this strategy when the Firm believes the securities to be currently undervalued, and/or the Firm wants exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of

time, Compass Ion may not take advantages of short-term gains that could be profitable to a client. Moreover, if Compass Ion's predictions are incorrect, a security may decline sharply in value before the Firm makes the decision to sell.

### ***Risk of Loss***

You should be aware that investing in securities involves risk of loss that you should be prepared to bear.

Material risks associated with the methods of analysis and investment strategies used include actual company specific or market events that may contradict assumptions at the time a security was chosen, and/or a security's actual performance that may not follow trends previously identified in the analysis conducted. Any performance quoted represents past performance, is no guarantee of future results, and will not provide an adequate basis for evaluating the performance of the product over varying market conditions or economic cycles. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

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

All investment programs have certain risks that are borne by the investor. Compass Ion's investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

**Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

**Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.

**Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates



to fixed income securities.

**Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

**Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Item 9: Disciplinary Information**

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Compass Ion is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of the Firm's advisory business or the integrity of the Firm's management. Compass Ion has no information to disclose applicable to this Item.

## **Item 10: Other Financial Industry Activities and Affiliations**

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### **Financial Industry Activities**

Compass Ion is not registered as a broker-dealer. Neither Compass Ion nor any of its management persons is registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

### **Other Affiliations – Registered Representatives**

Management personnel of Compass Ion are separately licensed as registered representatives of APW Capital, Inc., an unaffiliated broker-dealer. These individuals, in their separate capacity, can affect securities transactions for which they will receive separate, yet customary compensation. While Compass Ion and these individuals endeavor at all times to put the interest of the clients first as part of the Firm's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

### **Other Affiliations – Insurance**

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

### ***Conflicts of Interest***

Clients should be aware that the receipt of additional compensation by Compass Ion and its management persons or employees creates a conflict of interest that may impair the objectivity of the Firm and these individuals when making advisory recommendations. Compass Ion endeavors at all times to put the interest of its clients first as part of the Firm's fiduciary duty as a registered investment adviser; Compass Ion takes the following steps to address this conflict:

- The Firm discloses to clients the existence of all material conflicts of interest, including the potential for the Firm and the Firm's employees to earn compensation from advisory clients in addition to the Firm's advisory fees;
- The Firm discloses to clients that they are not obligated to purchase recommended investment products from the Firm's employees or affiliated companies;
- The Firm collects, maintains and documents accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;

- The Firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- The Firm requires that employees seek prior approval of any outside employment activity so that the Firm may ensure that any conflicts of interests in such activities are properly addressed;
- The Firm periodically monitors these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm; and
- The Firm educates employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

### **Other Affiliations – Attorney**

Douglas R. MacGray is an attorney, but does not practice in any capacity outside of the Firm.

### **Other Investment Advisors**

As described above in Items 4 and 5, Compass Ion may select other investment advisors for its clients, and may share in compensation with those advisors.

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

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### **Code of Ethics**

Compass Ion employees must comply with a Code of Ethics and Statement for Insider Trading. The Code describes Compass Ion's high standard of business conduct, and fiduciary duty to its clients. The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Douglas R. MacGray, Principal, Senior Vice President Financial Planning and Chief Compliance Officer, reviews all employee trades each quarter. These reviews ensure that personal trading does not affect the markets, and that clients of Compass Ion receive preferential treatment.

Compass Ion's employees must acknowledge the terms of the Code of Ethics at least annually. Any individual not in compliance with the Code of Ethics may be subject to termination.

Clients and prospective clients can obtain a copy of Compass Ion's Code of Ethics by contacting Douglas R. MacGray at 610.228.2200.

### **Participation or Interest in Client Transactions – Personal Securities Transactions**

The Code of Ethics, described above, is designed to assure that the personal securities transactions, activities and interests of the employees of Compass Ion will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities, primarily mutual funds, have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Compass Ion's clients. In addition, the Code requires pre-clearance of many transactions. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and designed to reasonably prevent conflicts of interest between Compass Ion and its clients.

## **Participation or Interest in Client Transactions – Financial Interest and Principal/Agency Cross**

Compass Ion may effect agency cross transactions for client accounts. 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. Agency cross transactions are priced using an external broker/dealer and clients may be charged a nominal transaction charge, but no commissions. As a result, an agency cross transaction may result in a better price and/or lower transaction (including commission) costs for clients. Cross transactions will comply with the requirements associated with such transactions under the Investment Advisers Act of 1940, including the applicable disclosure and consent requirements.

## Item 12: Brokerage Practices

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### Research and Other Soft Dollar Benefits

Compass Ion does not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See information below regarding other economic benefits.

### Brokerage for Client Referrals

Compass Ion does not receive client referrals from broker/dealers.

### Brokerage for Client Referrals

Compass Ion will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help the Firm in providing investment management services to clients. Compass Ion may, therefore recommend (or use) the use of a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all clients, and not all of such research may be useful for the account for which the particular transaction was effected.

Compass Ion, if the client so directs, requires that it be provided with written authority to determine the broker-dealer to use for client transactions and the commission costs that will be charged to clients for these transactions.

Clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to the Firm in writing.

Compass Ion participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

Compass Ion participates in TD Ameritrade's Institutional customer program and the Firm may recommend clients to maintain accounts with TD Ameritrade for custody and brokerage services. There is no direct link between the Firm's participation in the program and the investment advice Compass Ion gives to the Firm's clients, although the Firm

receives economic benefits through the Firm's participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): 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 the Firm by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by the Firm's related persons.

Some of the products and services made available by TD Ameritrade through the program may benefit the Firm but may not benefit client accounts. These products or services may assist the 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 the Firm manage and further develop the Firm's business enterprise. The benefits received by the Firm or the Firm's personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by the Firm or the Firm's related persons in and of itself creates a potential conflict of interest and may indirectly influence the Firm's choice of TD Ameritrade for custody and brokerage services.

## **Trade Aggregation**

Compass Ion may aggregate trades for multiple accounts. Orders for the same security entered on behalf of more than one client may be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. If the order is filled at different prices during the day, the prices are averaged for the day so that all participating accounts receive the same price. If an order has not been filled completely so that there are not enough shares to allocate among all the clients equally, shares will be allocated in good faith, based on the following considerations: amount of cash in the account, existing asset allocation and industry exposure, risk profile, and type of security. If a partial execution is attained at the end of the trading day, Compass Ion will generally allocate shares on a pro rata basis, but may fill small orders entirely before applying the pro rata allocation. All clients participating in each aggregated order shall receive the average price and subject to minimum ticket charges, pay a pro-rata portion of commissions.

Compass Ion's allocation procedure seeks to be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients.



Accounts for Compass Ion or its employees may be included in a block trade with client accounts.

## Item 13: Review of Accounts

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The Firm's Investment Committee is comprised of James C. Baird, Chairman, Founding Principal and Chief Investment Officer and Benjamin M. Dourte, Vice President. The Investment Committee meets weekly to discuss the Firm's overall investment philosophy.

The Firm has retained Keel Point Capital, LLC (Keel Point) as a consultant for the Investment Committee. Keel Point provides research, investment recommendations and ongoing monitoring of investments. Keel Point has no discretion over client investment portfolios, does not have access to any non-public personal information about clients, and does not vote on the Investment Committee.

### Financial Planning Services

**Reviews:** For clients who are paying an ongoing fee based on a percentage of assets under management, financial planning reviews occur at regular stages depending on the nature and terms of the specific client need and the specific client engagement.

**Reports:** Financial planning clients will receive a completed financial plan. For clients paying an ongoing fee based on a percentage of assets under management, additional reports will typically be provided when financial planning review occur.

### Investment Advisory Services

**Reviews:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed periodically. 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: the Firm's compliance staff, and/or the Firm's advisor representatives, which include James C. Baird, Chairman, Founding Principal and Chief Investment Officer; Matthew D. Kane, President and Principal; George J. Limbach, Senior Vice President and Principal; Douglas R. MacGray, Senior Vice President Financial Planning and Principal; Joshua S. Manifold, Senior Vice President and Managing Member; Patrick M. House, Senior Vice President; Benjamin M. Dourte, Vice President; Richard Liburdi, Vice President; and Daniel H. Soderberg, Vice President, Cassandra L. Queen, Associate Financial Advisor; Logan D. MacGray, Client Services, William Artzerounian, Associate Financial Advisor, and Gregory H. Reif, Associate Advisor.

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

## Item 14: Client Referrals and Other Compensation

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### Client Referrals

Compass Ion may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to the Firm. Whenever Compass Ion pays a referral fee, the Firm require the Solicitor to provide the prospective client with a copy of this document (*Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with the Firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to the Firm by the client will be increased above the Firm's normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to the Firm by clients referred by solicitors are not increased as a result of any referral.

### Other Compensation

Compass Ion also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may not be offered to any other independent Investment Advisors participating in the program. Specifically, the Additional Services include payments to Envestnet Tamarac on behalf of the Firm and the Firm's Representatives. TD Ameritrade provides the Additional Services to the Firm in its sole discretion and at its own expense, and Compass Ion does not pay any fees to TD Ameritrade for the Additional Services. Compass Ion and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Compass Ion's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to the Firm, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, the Firm's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum, with the Firm, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Compass Ion may have an incentive to recommend to its Clients that the assets under management by the Firm be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. The Firm's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including seeking best execution of trades for Client accounts.

As disclosed under Item 12 above, Compass Ion participates in TD Ameritrade's institutional customer program and Compass Ion may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Compass Ion's participation in the program and the investment advice it gives to its Clients, although Compass Ion receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. 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 Compass Ion 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 Compass Ion by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Compass Ion's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Compass Ion but may not benefit its Client accounts. These products or services may assist Compass Ion in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Compass Ion manage and further develop its business enterprise. The benefits received by Compass Ion or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Compass Ion endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Compass Ion or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Compass Ion's choice of TD Ameritrade for custody and brokerage services.

## **Item 15: Custody**

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### **Custody – Fee Debiting**

Compass Ion previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that the 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.

### **Custody – First Party Money Transfers**

Clients may provide Compass Ion with written ongoing authorization to wire money between the client's accounts held with the qualified custodian directly to an outside financial institution (i.e. a client's bank account). A copy of this authorization is provided to the qualified custodian. The authorization includes the client's name and account number(s) at the outside financial institution(s) as required.

### **Custody - Access to Client Funds and/or Securities**

Compass Ion is deemed to have custody over certain client assets in the form of having login credentials for certain client accounts.

Compass Ion has developed stringent internal controls and procedures over this custody function. In addition, Compass Ion complies with the SEC's Custody Rule, which requires an annual surprise examination conducted by an independent accountant.

### **Custody – Trusteeship/Executor**

Compass Ion or a related person acts as trustee for client trusts or as executor for client estates. This form of custody is offered on a limited basis. Compass Ion complies with the SEC's Custody Rule with regard to the custody of the trust / estate assets; annually the Firm is subject to a Surprise Examination by an independent accountant.

### **Custody – Account Statements**

As described above and in Item 13, clients receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. 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 Compass Ion directly if they believe that there may be an error in their statement.

## Item 16: Investment Discretion

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

Compass Ion's discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

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

If Compass Ion has not been given discretionary authority, Compass Ion consults with the client prior to each trade.

## Item 17: Voting Client Securities

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As a matter of Firm policy, Compass Ion does not vote proxies on behalf of clients. Therefore, although the Firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

If requested, Compass Ion may provide advice to clients regarding proxy votes. If any conflict of interest exists, it will be disclosed to the client. Clients may contact Douglas R. MacGray at 610.228.2200 for information about proxy voting.

## Item 18: Financial Information

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For a select number of clients Compass Ion requires or solicits payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, upon request, the Firm shall include or deliver a financial statement/balance sheet to those clients annually.

Compass Ion has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.