



# **Wrap Program Brochure**

(Form ADV Appendix 1)

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**July 16, 2018**

**This wrap fee program brochure provides information about the qualifications and business practices of Independent Advisor Alliance, LLC. If you have any questions about the contents of this brochure, please contact us at 855-569-4684. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.**

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

## **ITEM 2 - MATERIAL CHANGES**

This Brochure is dated July 16, 2018. The following are the material changes made to this brochure since the date of our last annual update and brochure revisions in May 2018.

- Updated language pertaining to custody and additional reporting that may be provided to clients – Item 9
- Updated advisory representative state locations to include additional states – Item 4
- Updated language pertaining to what services comprise the advisory fee a client pays under Asset Management services – Item 4

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## **ITEM 4 - SERVICES, FEES AND COMPENSATION**

### **Services**

Independent Advisor Alliance, LLC (“IAA”) is a fee-only registered investment advisor that provides clients with asset management, retirement, and financial planning services. Our home office is in Charlotte, North Carolina, and our business model includes a network of advisory representatives with offices located in Alaska, California, Florida, Georgia, Indiana, Minnesota, North Carolina, North Dakota, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and Wisconsin. Some of these offices may choose to operate under a separate and independently owned business name other than IAA. Regardless of the name used, these advisory representatives are licensed through IAA, and subject to our supervision when offering advisory services through IAA.

IAA offers discretionary asset management services through a program account (the “Program”) based on the individual needs of clients (“client”, “you” or “your”). In order for IAA to manage your assets, you will be required to establish a Program account in your name at LPL Financial, LLC (“LPL”), a registered broker/dealer and qualified custodian. LPL provides clearing, custody and other brokerage services for accounts established through the Program. You will retain all rights of ownership on your account, including the right to withdraw securities or cash, vote proxies, and receive transaction confirmations. In addition, you can also impose restrictions on investing in certain securities or types of securities at the time you open the account.

In order to hire IAA to provide management services, you will be asked to enter into a written investment advisory agreement with IAA. This agreement will set forth the terms and conditions of the relationship, including the amount of your investment advisory fee and what services comprise the fees. You will also be asked to complete an account application with LPL.

IAA also offers additional investment advisory services to clients. For more information about IAA’s other investment advisory services, please contact your advisory representative for a copy of IAA Firm Brochure or go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Fees**

In a Program account, clients pay IAA a single annual advisory fee for advisory services and execution of transactions. Clients do not pay brokerage commissions, markups or transaction charges for execution of transactions in addition to the advisory fee.

The annual advisory fee for management services is a maximum of 2.5% and is based on a percentage of the market value of your account, including cash holdings. The fee may also include Financial Planning and Consulting services. Advisory fees are negotiable between IAA and the client, and the amount of the advisory fee will be as agreed upon in writing between IAA and the client. The advisory fee may be higher than the fee charged by other investment advisors for similar services.

Advisory fees are billed quarterly in advance and calculated based on the account’s market value on the last business day of the prior quarter. The initial advisory fee is due at the beginning of the quarter following execution of this Agreement and will include the prorated fee for the initial quarter in addition to the standard quarterly fee for the upcoming quarter. Additional deposits and withdrawals will be added or subtracted from the account’s value which may lead to an adjustment of the advisory fee. LPL, as the qualified custodian for the Program account, is responsible for calculating and deducting all advisory fees from your account. Please see a sample calculation of advanced billing below (The example assumes the quarter end account value on a 30-day month is \$105,000. A 360-day year and quarters lasting 90 days):

$$[\text{Quarter End Value} \times \text{Advisory Fee}] / 360 \times 90 \text{ Days} = \text{Advanced Billing}$$

$$[\$105,000 \times 1.75\%] / 360 \times 90 = \$459.38$$

The advisory fee is shared between IAA and its advisory representative. IAA will receive up to 12% of the advisory fee when asset management is provided by the advisory representative. When IAA centrally provides management services to the Program account, IAA will retain an additional 0.12% to 0.22%, depending upon the size of the account.

If the advisory agreement is terminated before the end of the quarterly period, client is entitled to a pro-rated refund of any pre-paid quarterly advisory fee based on the number of days remaining in the quarter after the termination date.

Although Client does not pay a transaction charge for transactions in the account(s), Client should be aware that the IAA Investment Advisor may pay LPL transaction charges for the transactions or may have an agreement with the Custodian where an annual administration fee is paid to the Custodian based upon the value of the assets in the Advisor's wrap accounts in lieu of paying transaction charges in the account(s). In cases where the transaction charges are paid by the IAA Investment Advisor, the cost varies based on the type of transaction (e.g., mutual fund, equity or fixed income security) and ranges from \$0 to \$50.00. Because the IAA Investment Advisor pays the transaction charges in the account(s), there is a conflict of interest. Client understands that the cost to the IAA Investment Advisor of transaction charges may be a factor that he/she considers when deciding which securities to select and how frequently to place transactions in the account(s). In cases where the IAA Investment Advisor pays the Custodian an annual administration fee in lieu of paying individual transaction charges in the account(s), the cost of this fee ranges from 0.03% to .09%. Because the IAA Investment Advisor pays the Custodian an annual administration fee in lieu of paying transaction charges, there is a conflict of interest. Client understands that the cost to the IAA Investment Advisor of the annual administration fee may be a factor that he/she considers when deciding how much of an annual advisory fee to assess to the account(s).

Within the IAA Program account, IAA uses mutual funds that the custodians make available within their custodial platforms. In many instances, the available mutual funds offer multiple classes of shares, including shares designated as Class A shares and institutional share classes and other share classes that are specifically designed for purchase in a fee-based investment advisory program. In other instances, a mutual fund may offer only Class A shares, but another similar mutual fund may be available that offers an institutional or fee-based advisory share class. When an IAA Program account purchases Class A shares, the custodian receives from the mutual fund a portion of the 12b-1 fees charged by the mutual fund. Neither IAA nor its advisory representatives receive any portion of these 12b-1 fees. Institutional or fee-based advisory share classes generally are not subject to 12b-1 fees. Because of the different expenses of the mutual fund share classes, it is generally more expensive for a client to own Class A shares than an institutional or fee-based advisory share class. An investor in an institutional or fee-based advisory share class will pay lower fees over time, and keep more of his or her investment returns than an investor who holds Class A shares of the same fund. Clients should not assume that they will be invested in the share class with the lowest possible expense ratio. In an advisory program, the appropriateness of a particular mutual fund share class should be determined based on a variety of different considerations, including but not limited to: the advisory fee that is charged; whether transaction charges are applied and the amount of the transaction charges

applied to the purchase or sale of mutual funds; the anticipated frequency of transactions; the holding period for the mutual funds; the overall cost structure of the advisory program; share class eligibility requirements; and potential tax consequences.

The IAA advisory representative also has a financial incentive to recommend Class A shares. Although the client will not be charged a transaction charge for transactions, the advisory representative pays the custodian a per transaction charge for mutual fund purchases and sales in the account. The transaction charge level, ranging from \$0 to \$50.00, varies depending on the amount of 12b-1 fees and/or sub-transfer agent recordkeeping fees that the custodian receives from the mutual fund. Advisory representatives generally do not pay transaction charges for Class A share mutual fund transactions. The cost to the advisory representative of transaction charges generally may be a factor the advisory representative considers when deciding which securities to select and whether to place transactions in the account. As noted above, even though it is generally more expensive for a client to own Class A shares than institutional or fee-based advisory share classes, the advisory representative has a specific financial incentive to recommend Class A shares even though an institutional or fee-based advisory share class may be available in the same or a comparable mutual fund, to avoid paying or lowering the transaction charges. The lack of transaction charges to the advisory representative for Class A share purchases and sales, together with the fact that institutional or fee-based advisory share classes generally are less expensive for a client to own, presents a significant conflict of interest between the advisory representative and the client. Clients should understand this conflict and consider the additional indirect expenses that exist because of the mutual fund fees when negotiating and discussing with the advisory representative the advisory fee to IAA and the advisory representative for management of the IAA Program account and the selection of share classes and mutual funds for the IAA Program account.

In selecting a particular share class, the advisory representative may consider the overall profitability of the account or client relationship. Accordingly, the advisory fees that are charged on an account basis or in the aggregate at the relationship level may take into consideration the mutual fund share classes in which the client is invested. Clients that are invested in institutional or fee-based advisory share classes may have higher advisory fees.

### **Other Types of Fees and Charges**

Program accounts will incur additional fees and charges from parties other than the IAA as noted below. These fees and charges are in addition to the advisory fee paid to IAA. IAA does not share in any portion of these third-party fees.

LPL, as the custodian and broker-dealer providing brokerage and execution services on Program accounts, will impose certain fees and charges. LPL notifies clients of these charges at account opening and makes available a list of these fees and charges on its website at [www.lpl.com](http://www.lpl.com). LPL will deduct these fees and charges directly from the client's Program account.

There are other fees and charges that are imposed by other third parties that apply to investments in program accounts. Some of these fees and charges are described below:

- If your account invests in mutual funds or ETFs, please note that you will pay the fund a management fee as a shareholder of the fund in addition to paying us an advisory fee for managing the assets. As many of the funds available in the Program may be purchased directly, you could avoid the second layer of fees by not using IAA's management services and by making your own fund investment decisions.
- Certain mutual funds impose fees and charges such as contingent deferred sales charges, early redemption fees and charges for frequent trading. These charges may apply if client transfers into or purchases such a fund with the applicable charges in a program account.
- Although only no-load and load-waived mutual funds can be purchased in a Program account, client should understand that some mutual funds pay asset based sales charges or service fees (e.g., 12b-1 fees) to the custodian with respect to account holdings.
- If client holds a variable annuity as part of an account, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor.
- Certain retirement accounts - IRA and qualified retirement plan fees.
- Certain trust accounts - Administrative servicing fees for trust accounts.
- Unit investment trusts ("UIT") - creation and development fees or similar fees imposed by UIT sponsors.
- Alternative investments - hedge fund and managed future investment management fees, managed futures investor servicing fees, and business development company fees.
- Sweep money market funds and cash balances – 12b-1 fees or other fee based on average daily deposit balances.
- Other charges required by law and imposed by the executing broker/dealer or custodian.

Further information regarding fees assessed by a mutual fund, or variable annuity is available in the appropriate prospectus, which is available upon request from the IAA or from the product sponsor directly.

### **Other Important Considerations**

The advisory fee is an ongoing wrap fee for investment advisory services, the execution of transactions and other administrative and custodial services. The advisory fee may cost the client more than purchasing the program services separately, for example, paying an advisory fee plus commissions for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the type and size of the account, historical and or expected size or number of trades for the account, and number and range of supplementary advisory and client-related services provided to the client.

- The advisory fee also may cost the client more than if assets were held in a traditional brokerage account. In a brokerage account, a client is charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a commission-based brokerage account rather than a Program account.
- IAA is recommending the Program account to the client and receives compensation because of the client's participation in the program. This compensation includes the advisory fee and may include other compensation, such as bonuses, awards or other things of value offered by LPL to IAA or its advisory representatives. The amount of this compensation may be more or less than what the IAA would receive if the client participated in other LPL programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, the IAA has a financial incentive to recommend a Program account over other programs and services. IAA takes its responsibilities seriously and will only recommend that clients hire IAA for management services if IAA believes it is appropriate and in the client's best interests.
- The investment products available to be purchased in the program can be purchased by clients outside of a Program account, through broker-dealers or other investment firms not affiliated with IAA.

## **ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

IAA provides services to individuals, trusts, estates, and small businesses.

## **ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION**

In the Program account, IAA does not select, review or recommend other investment advisors or portfolio managers. IAA offers the Program account through its advisory representatives located in a variety of office locations in multiple states. Each client is responsible for selecting his or her own advisory representative. Each advisory representative is responsible for determining his/her investment strategies and methods of analysis. For more information about the IAA advisory representative's management style, you are encouraged to speak with your advisory representative. For more information about the advisory representative managing the account, client should refer to the Brochure Supplement for the associated person, which client should have received along with this Brochure at the time client opened the Program account.

LPL performs certain administrative services for Advisor, including generation of quarterly performance reports for program accounts. Client will receive an individual quarterly performance report, which provides performance information on a time weighted basis. The

performance reports are intended to inform clients as to how their investments have performed for a period, both on an absolute basis and compared to leading investment indices.

## **Methods of Analysis and Investment Strategies**

It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

The following outlines the types of investment strategies and methods of analysis that may be used by IAA's advisory representatives in managing or handling your account. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Within a Program account, the advisory representative is responsible for constructing a portfolio using an asset allocation mix that is appropriately diversified and consistent with your investment objective for the Program account. While the majority of IAA's advisory representatives invest in mutual funds and ETFs within Program accounts, other securities types are also used as discussed throughout this brochure. IAA typically does not engage in active trading when managing Program accounts. IAA's goal is to construct a portfolio using an appropriate mix of investments consistent with your investment objective for the Program account, and then monitor the account and rebalance as necessary when the percentages of certain holdings exceed or fall below target allocations.

In some cases, IAA's advisory representatives may use index strategies based on efficient market theories when managing accounts. Index management is a financial strategy that does not entail any forecasting or market timing. The goal is to minimize transaction costs, maximize diversification and avoid adverse consequences of failing to correctly anticipate the future. This strategy is implemented by constructing a portfolio of multiple mutual funds that are designed to track markets. By tracking the market, a portfolio is highly diversified, has low turnover and low internal mutual fund management fees.

In certain situations, the advisory representative may utilize the services of IAA to centrally manage a client's Program account. IAA is responsible for constructing the portfolios and placing rebalancing transactions as needed. IAA obtains research and portfolio construction services from a third-party advisor, but is responsible for making all final decisions with respect to portfolio construction and transactions. The advisory representative remains responsible for the ongoing individualized investment advice provided to the client. For more information regarding the individuals associated with IAA that are involved in providing the centralized management, refer to the brochure supplements at the end of this Brochure.

IAA typically manages Program accounts focusing on one of the following investment objectives based on the client's goals and risk tolerance; income with capital preservation, income with moderate growth, growth with income, growth or aggressive growth. The allocation of assets to different mutual funds or other securities in a Program account will be made based on these overall objectives as well as based on consultations with the client.



As stated above, IAA generally uses the following types of investment vehicles within Program accounts: mutual funds (including asset allocation funds, index funds, international funds, emerging market funds, real estate funds, high yield bond funds and funds that short the market), ETFs (including commodity funds, precious metal funds and agricultural funds), variable annuity subaccounts, alternative investments (including managed futures funds, hedge funds, real estate investment trusts and business development companies), individual stocks and bonds. The particular investments selected for your Program account will depend upon your investment objective, level of risk tolerance, sensitivity to taxes, and other factors.

There are risks associated with investing in securities. The following highlights some of the risks associated with the types of investments that may be purchased for your account:

- Investing in international markets presents additional risks including currency fluctuations, the potential for diplomatic and political instability, regulatory and liquidity risks and foreign taxation among others. The risks of foreign investing are generally greater in emerging markets.
- High yield bonds carry greater risks than bonds rated as investment grade. For example, they are issued by organizations that do not qualify for an investment grade rating by one of the rating agencies because of the potential for higher default by the issuer. Another risk is that further financial difficulties by the issuer may result in a decrease in the market value, and this may make it impossible to liquidate the bond prior to maturity.
- Funds designed to short the market, or inverse funds, have a goal of providing the opposite or inverse of the return for the underlying index. Inverse funds may have higher expense ratios and be less tax-efficient than a traditional mutual fund or ETF. They may also be riskier. IAA may use inverse mutual funds or ETFs as a short term holding in Program accounts when deemed appropriate.
- ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the “spread.” The spread varies over time based on the ETF’s trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, those that invest in commodities, are not registered as an investment company.
- Business development companies (“BDCs”) are operated for making investments in small and developing business, as well as financially troubled businesses. BDCs must also make available managerial assistance to certain of its portfolio companies and is only required to disclose its net asset value on a quarterly basis. BDCs are often

characterized as a publicly traded venture capital or private equity firm that is subject to certain provisions of the Investment Company Act. BDCs can be speculative investments because of the types of investments they make and involve significant risks. These risks include, but are not limited to, portfolio company credit and investment risk, leverage risk, market and valuation risk, price volatility risk, liquidity risk, capital markets risk, interest rate risk, dependence on key personnel, and structural and regulatory risk.

- Managed futures funds, hedge funds and real estate investment trusts may be purchased within Program accounts on a non-discretionary basis by clients meeting certain standards. Investing in these funds involves additional risk including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing tax information. You should be aware that these funds are not liquid as there is no secondary trading market available.

IAA may use either a fundamental or technical method for analyzing investment opportunities for Program accounts. Fundamental analysis means that the overall business is considered by reviewing a business' financial statements and financial health, its management and competitive advantages, and its competitors and markets. Technical analysis is an investment analysis discipline that attempts to forecast the direction of prices through the study of historical trends in past market data, primarily price and volume. Of course, past performance does not guarantee future results.

IAA considers the overall economy, both domestically and globally, when selecting specific investments and making asset allocation decisions. IAA also considers current and recent market levels and volatility when making management decisions. IAA uses a variety of sources of data to conduct economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases.

### **Voting Client Securities**

IAA does not have any authority to vote client securities or proxies on your behalf. Within a Program account, the client retains the right to vote all proxies. Proxy information for any securities which are held in your accounts will be sent to you by LPL as the custodian of your funds and securities. IAA will not be providing you with this information. However, if you have any questions about a particular solicitation, you may contact IAA for general information.

## **ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

In the Program account, IAA, through its advisory representatives, is responsible for account management; there is no separate portfolio manager involved. IAA obtains the necessary

financial data from the client and assists the client in setting an appropriate investment objective for the account. This information is obtained through detailed discussions and by having the client complete a written investment advisory agreement and other documentation. Clients are encouraged to contact IAA if there have been any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions on the management of the account or reasonably modify existing restrictions. Client should be aware that the investment objective selected for the program is an overall objective for the entire account and may be inconsistent with a particular holding and the account's performance at any time. Client should further be aware that achievement of the stated investment objective is a long-term goal for the account.

## **ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Client should contact his/her advisory representative at any time with questions regarding program account.

## **ITEM 9 - ADDITIONAL INFORMATION**

### **Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of their advisory business or the integrity of their management. IAA has no information applicable to this Item.

### **Other Financial Industry Activities and Affiliations**

IAA is only in the business of providing investment advice as described above. However, as also noted above, advisory representatives of IAA are registered representatives of LPL, an SEC registered broker/dealer and member of the Financial Industry Regulatory Authority. In this capacity, the advisory representative can sell securities to clients and receive normal and customary compensation in the form of commissions. However, such compensation will not be received in connection with investments made in Program accounts. Clients purchasing securities from an advisory representative outside of a Program account will receive disclosure documents (e.g., prospectus, brokerage account agreement) when conducting such transactions.

LPL's parent company, LPL Investment Holdings, Inc., is a publicly traded company with shares listed on The NASDAQ Global Select Market under the trading symbol "LPLA". Certain advisory representatives of IAA are shareholders and/or option holders of LPLA.

Certain advisory representatives are also being licensed as independent insurance agents and appointed through various insurance companies to offer a variety of types of insurance depending upon the individual. The types of insurance that may be available include life insurance, long term care insurance, fixed annuities and disability insurance. In such capacity, the advisory representatives can sell insurance products to clients and receive normal and

customary compensation in the form of commissions. Client's purchasing insurance from advisory representatives will receive certain disclosure documents and complete an insurance application process when conducting such transactions.

As discussed previously, advisory representatives of IAA are registered representatives of LPL. Because of this relationship, LPL may have access to certain confidential information (for example, financial information, investment objectives, transactions and holdings) about IAA's clients, even if the client does not establish an account through LPL. If you would like a copy of LPL's privacy policy, please contact your IAA advisory representative to request a copy.

IAA has an arrangement with Horizon Investments wherein Horizon Investments provides IAA with non-discretionary investment recommendations and research information that IAA will use in constructing and managing its client portfolios. In addition, Horizon Investments provides access to technology for tracking investment decisions and communicating market commentaries. The access to technology and provision of investment recommendations and research is provided by Horizon Investments to IAA at no charge. Horizon Investments and IAA are not affiliated. Horizon Investments is a registered investment advisor, an investment advisor to the Horizon mutual funds, and a sub-advisor to Horizon ETFs. It is important to understand that investment recommendations provided to IAA may include a recommendation to include a Horizon mutual fund or Horizon ETF within a portfolio. When Horizon mutual funds or ETFs are held in IAA client accounts, Horizon Investments will receive compensation related to its duties to the Horizon mutual funds and ETFs. This presents a conflict of interest as IAA may be inclined to include the Horizon mutual fund or ETF within client portfolios so that Horizon Investments continues to provide services to IAA. However, there is no obligation for IAA to include any Horizon mutual fund or ETF within any portfolio and IAA will do so only if it is deemed in the best interest of the client.

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

IAA has adopted a Code of Ethics which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that such supervised persons comply with their fiduciary obligations to clients and other applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to report their personal securities transactions and holdings quarterly to IAA, and requires IAA to review those reports. Each supervised person receives a copy of the Code of Ethics and must acknowledge in writing having received the materials. Clients and prospective clients may obtain a copy of the Code of Ethics by contacting IAA.

It is IAA's policy not to affect any principal trades for client accounts. Principal trades are generally defined as transactions where an advisor, acting for its own account, buys from or sells a security to an advisory client. It is also IAA's policy not to cross trades between your account and the account of another client.

IAA and its advisory representatives may buy or sell securities for their personal accounts identical to those recommended to clients. This creates a potential conflict of interest. It is

IAA's policy that all persons associated with them in any manner must place the interests of clients ahead of their own when making personal investments. In addition, IAA requires that client transactions be placed before their own transactions. IAA also monitors trading by its advisory representatives.

LPL's parent company, LPL Investment Holdings Inc., is a publicly traded company. IAA does not recommend or solicit orders of LPL Investment Holdings Inc. stock in Program accounts.

## **Review of Accounts**

Advisory representatives conduct reviews of client Program accounts on a quarterly basis for consistency with the client's stated investment objectives, among other factors. Client account reviews may also be triggered upon client request, a change in client circumstances, or unusual economic or market activity.

All Program accounts are also subjected to a risk based exception reporting system that flags accounts on a quarterly basis for criteria such as performance, trading activity and position concentration. The exception reporting identifies accounts where additional scrutiny or analysis by IAA may be appropriate.

During any month that there is activity in a Program account, you will receive a monthly account statement from LPL showing account activity as well as positions held in the account at month end. Additionally, you will receive a confirmation of each transaction that occurs unless the transaction is a result of a systematic purchase, redemption or exchange. You will also receive a detailed quarterly performance report prepared by LPL on behalf of IAA. All account data and statements are also available online through the LPL Account View portal.

## **Client Referrals and Other Compensation**

IAA may from time to time compensate, either directly or indirectly, any person for client referrals. These individuals are referred to as solicitors and IAA pays them a portion of the advisory fee paid by the client. When a solicitor is used, the arrangement will be disclosed in writing to the client through a disclosure document signed by the client at the time the account is opened.

In addition, certain advisory representatives of IAA have a relationship with Ramsey Solutions ("RS") whereby RS provides online advertising services in exchange for a flat monthly marketing fee. The services include advertising space on RS's web-based SmartVestor™ lists assigned to particular geographic markets, use of the SmartVestor™ marks in advertising, and provision of other marketing materials. Potential clients using the SmartVestor™ site may select and choose to contact the advisory representative for services; potential clients are not referred to IAA or the advisory representative.

IAA has entered into service agreements with certain unaffiliated financial institutions (e.g., banks) that permit IAA to provide investment advisory services to the financial institutions customers. Pursuant to service agreements, IAA shares a portion of the advisory fees with the

financial institutions for use of the financial institution's facilities and for access to financial institution customers.

Because of IAA's relationship with LPL, they may receive production bonuses, stock options to purchase shares of LPL's parent company, and other things of value such as free or reduced-cost attendance at LPL's national sales conference or top producer forums and events. Such compensation may be based on overall business produced and/or on the amount of assets serviced through LPL. Thus, there is a financial incentive for us to recommend that you establish a Program account so that IAA will be compensated. IAA takes their responsibilities to clients very seriously and will only recommend that clients hire them for management services if they believe it is appropriate and in the client's best interests.

As stated previously, advisory representatives of IAA are also registered representatives with LPL. If an advisory representative has recently become associated with IAA, the advisory representative may have received payments from LPL in connection with his/her transition to LPL as a registered representative and IAA as an advisory representative from another broker/dealer and investment advisor firm. Robert Russo, owner of IAA, in his status as an LPL branch manager, will receive a portion of such payments. These payments, which may be significant, are intended to assist the registered representative/advisory representative with the costs associated with the transition, such as moving expenses, leasing space, furniture, staff and termination fees associated with moving accounts; however, there is no verification to confirm the use of these payments for such transition costs. These payments may be in the form of loans to the advisory representative, which are repayable to LPL or forgiven by LPL based on years of service with LPL (e.g., if the registered representative/advisory representative maintains a relationship with LPL for 5 years) and/or the scope of business engaged in with LPL, including the amount of advisory assets custodied with LPL that are managed by the IAA advisory representative. The receipt of these payments presents a conflict of interest in that an advisory representative has a financial incentive to recommend that a client engage with IAA and the advisory representative for advisory services for the loan to be forgiven. However, to the extent we recommend you establish or maintain an account with IAA and LPL, it is because we believe it is in your best interest to do so, based on your goals and objectives, as well as the services offered. IAA has processes in place to review advisory representative managed accounts for suitability over the course of the advisory relationship.

## **Financial Information**

IAA is required to provide clients with certain information or disclosures about its financial condition. There is no financial commitment that impairs their ability to meet contractual or fiduciary commitments to clients, and they have not been the subject of a bankruptcy petition.

## **Custody**

IAA does not have custody of client funds or securities. Custody for the Program accounts is maintained by LPL, a qualified custodian. You will receive accounts statements from LPL directly at least quarterly. You are encouraged to carefully review these statements upon receipt. In addition, LPL will provide you with quarterly performance reports on IAA's behalf.

IAA will not have access to your funds or securities apart from having advisory fees deducted from your account and paid to them by LPL as the custodian. Any fee deductions will be done pursuant to your prior written authorization provided to LPL.

We may provide you with additional, customized reporting from time to time and upon request. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the reporting that we may provide to you. These additional reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. This additional reporting does not take the place of the official statements that you receive from the custodian.

### **Investment Discretion**

Upon your written authorization in IAA's investment advisory agreement, IAA will provide discretionary investment advisory services for your Program account. Discretionary authority is limited only to affecting trades in your accounts; IAA will determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each trade.

### **Brokerage Practices**

IAA requires that clients direct LPL as the sole and exclusive broker/dealer to execute transactions for Program accounts. LPL is not paid a commission for executing transactions. Because advisory representatives of IAA are licensed with LPL, this presents a conflict of interest. Clients should understand that not all advisors require their clients to direct brokerage. By directing brokerage to LPL, clients may be unable to achieve the most favorable execution of client transactions. Therefore, directed brokerage may cost clients more money.

IAA receives support services and/or products from LPL, many of which assist IAA to better monitor and service client accounts maintained at LPL. These support services and/or products may be received without cost, at a discount, and/or at another negotiated rate, and may include the following:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events

- marketing support
- computer hardware and/or software
- other products used by IAA in furtherance of its investment advisory business operations

These support services are provided to IAA based on the overall relationship between IAA and LPL. It is not the result of soft dollar arrangements or any other express arrangements with LPL that involves the execution of client transactions as a condition to the receipt of services. IAA will continue to receive the services regardless of the volume of client transactions executed with LPL. Clients do not pay more for services because of this arrangement. There is no corresponding commitment made by IAA to LPL or any other entity to invest any specific amount or percentage of client assets in any specific securities because of this arrangement.

IAA may aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. IAA may determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades, the liquidity of the securities, and the discretionary or non-discretionary nature of the trades. If orders are not aggregated, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money.

## **BROCHURE SUPPLEMENTS**

Accompanying this Brochure are Brochure Supplements for individual employees or officers of IAA. Note that although these individuals are responsible for investment advice provided by IAA when providing management services for Program accounts that are centrally managed by IAA, they are not the advisory representative responsible for the ongoing individualized investment advice provided to a particular client. For more information about the advisory representative managing the account, client should refer to the Brochure Supplement for the advisory representative, which should have been provided by the advisory representative along with this Brochure at the time the client opened the account. If client did not receive a Brochure Supplement for the advisory representative, the client should contact the advisory representative or IAA at 888-430-1555.

Brochure Supplements for certain IAA employees begin on the next page.



**Robert P. Russo**  
**11525 N. Community House Rd.**  
**Suite 575**  
**Charlotte, NC 28277**  
**888.430.1555**

**Independent Advisor Alliance**



**January 10, 2018**

**FORM ADV PART 2B  
BROCHURE SUPPLEMENT**

This brochure supplement provides information about Robert P. Russo that supplements the Independent Advisor Alliance brochure. You should have received a copy of that brochure. Please contact us at 888-430-1555 if you did not receive Independent Advisor Alliance brochure or if you have any questions about the contents of this supplement.

Additional information about Robert P. Russo is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Educational Background and Business Experience

### Robert P. Russo

*Year of Birth: 1976*

#### Education:

- University of Tennessee, BS - 2000

#### Business Background:

- Independent Advisor Alliance, LLC; Investment Advisor Representative, 2013 – Present
- LPL Financial; Registered Representative, 2006 – Present
- A.G. Edward & Sons; Financial Advisor, 2001 - 2006

## Item 3 Disciplinary Information

Robert P. Russo is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of his advisory business or integrity. Robert P. Russo has no information applicable to this item. Additional information is contained on <http://brokercheck.finra.org> or [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) that you may wish to review.

## Item 4 Other Business Activities

In addition to offering advisory services, Robert P. Russo is also involved in the following investment-related businesses or occupations:

Robert P. Russo is a registered representative of LPL Financial ("LPL"), a registered broker/dealer and member of the Financial Industry Regulatory Authority ("FINRA"). In this capacity, he may sell securities to clients and receive normal and customary compensation in the form of commissions. Clients are under no obligation to purchase or sell securities through him on a commissionable basis. In addition, he may receive other compensation such as mutual fund or money market 12b-1 fees and variable annuity trails. The potential for receipt of commissions and other compensation gives him an incentive to recommend investment products based on the compensation received, rather than on your needs. To address this, disclosure is made to you at the time a brokerage account is opened through LPL. Please refer to the *Fees and Compensation* section and the *Client Referrals and Other Compensation* section of Independent Advisor Alliance's firm brochure for additional disclosures on this topic.

Robert P. Russo is the owner of Blackbridge Financial, LLC. This is a business name that is used as a DBA (do business as) for brokerage business conducted through LPL Financial, as well as financial planning and advisory business conducted through IAA.

Robert P. Russo is the Chief Executive Officer and owner of Independent Advisor Alliance, an SEC registered investment advisor.

## **Item 5 Additional Compensation**

Robert P. Russo may receive compensation from product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Product sponsors may also pay for education or training events that he may attend.

Robert P. Russo may also receive from LPL bonuses based on his production, awards of stock options to purchase shares of LPL's parent company, LPL Investment Holdings Inc., reimbursement of fees Robert P. Russo pays to LPL for items such as administrative services, and other things of value such as complimentary or reduced-cost attendance at LPL's national sales conference or top producer forums and events. These financial incentives from LPL are based on his overall business production. However, in some cases, the incentives are greater for assets Robert P. Russo services in advisory programs.

## **Item 6 Supervision**

Robert Russo is the owner and CEO of Independent Advisor Alliance. Robert Russo and the Chief Compliance Officer, Jessica Sexton, are responsible for supervising the activities of our firm. Our firm has developed Written Supervisory Policies and Procedures which we follow that address his supervisory responsibilities including periodically reviewing investment recommendations, trades and communications with clients.

Robert Russo and/or Jessica Sexton can be reached at 888.430.1555.

**R. Christopher Fallin**  
11525 N. Community House Rd.  
Suite 575  
Charlotte, NC 28277  
888.430.1555

## **Independent Advisor Alliance**



**July 16, 2018**

### **FORM ADV PART 2B BROCHURE SUPPLEMENT**

This brochure supplement provides information about R. Christopher Fallin that supplements the Independent Advisor Alliance brochure. You should have received a copy of that brochure. Please contact us at **888.430.1555** if you did not receive Independent Advisor Alliance brochure or if you have any questions about the contents of this supplement.

Additional information about Chris Fallin is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Educational Background and Business Experience

### Chris Fallin

*Year of Birth: 1976*

#### Education:

- Appalachian State University – Bachelor of Science in Criminal Justice – 1999

#### Business Background:

- Independent Advisor Alliance, LLC; Investment Advisor Representative, 09/2016 – present
- AON Hewitt, Registered Representative, 11/2015 – 09/2016
- Wells Fargo Advisors, LLC; Financial Advisor, 04/2009 – 08/2015
- Bank of America Investments; Financial Advisor, 05/2008 – 03/2009
- E\*Trade Securities, Registered Representative, 03/2006 – 05/2008

## Item 3 Disciplinary Information

I am required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of my advisory business or integrity. I have no information applicable to this item. Additional information is contained on <http://brokercheck.finra.org> or [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) that you may wish to review.

## Item 4 Other Business Activities

In addition to offering advisory services, I also involved in the following investment-related businesses or occupations:

I am a registered representative of LPL Financial ("LPL"), a registered broker/dealer and member of the Financial Industry Regulatory Authority ("FINRA"). In this capacity, I may sell securities to clients and receive normal and customary compensation in the form of commissions. Clients are under no obligation to purchase or sell securities through me on a commissionable basis. In addition, I may receive other compensation such as mutual fund or money market 12b-1 fees and variable annuity trails. The potential for receipt of commissions and other compensation gives him an incentive to recommend investment products based on the compensation received, rather than on your needs. To address this, disclosure is made to you at the time a brokerage account is opened through LPL. Please refer to the *Fees and Compensation* section and the *Client Referrals and Other Compensation* section of Independent Advisor Alliance's firm brochure for additional disclosures on this topic.

## Item 5 Additional Compensation

I may receive compensation from product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with

educational meetings or marketing or advertising initiatives. Product sponsors may also pay for education or training events that I may attend.

I may also receive from LPL bonuses based on my production, awards of stock options to purchase shares of LPL's parent company, LPL Investment Holdings Inc., reimbursement of fees I pay to LPL for items such as administrative services, and other things of value such as complimentary or reduced-cost attendance at LPL's national sales conference or top producer forums and events. These financial incentives from LPL are based on my overall business production. However, in some cases, the incentives are greater for assets I service in advisory programs.

## **Item 6 Supervision**

Robert Russo is the owner and CEO of Independent Advisor Alliance. Robert Russo and the Chief Compliance Officer, Jessica Sexton, are responsible for supervising the activities of our firm. Our firm has developed Written Supervisory Policies and Procedures which we follow that address my supervisory responsibilities including periodically reviewing investment recommendations, trades and communications with clients.

Robert Russo and/or Jessica Sexton can be reached at 888-430-1555.

**Christopher Zaccarelli, CFA®**  
18067 W. Catawba Ave  
Suite 206  
Cornelius, NC, 28031  
704.237.3699

**Headquarters:**  
11525 N. Community House Rd.  
Suite 575  
Charlotte, NC 28277  
888.430.1555

### **Independent Advisor Alliance**



**November 9, 2017**

### **FORM ADV PART 2B BROCHURE SUPPLEMENT**

This brochure supplement provides information about Christopher Zaccarelli that supplements the Independent Advisor Alliance brochure. You should have received a copy of that brochure. Please contact us at **888.430.1555** if you did not receive Independent Advisor Alliance brochure or if you have any questions about the contents of this supplement.

Additional information about Christopher Zaccarelli is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Educational Background and Business Experience

### Christopher Zaccarelli, CFA

*Year of Birth: 1974*

#### Education:

- Cornell University, BS - 1997

#### Business Background:

- Independent Advisor Alliance, LLC; Chief Investment Officer, 2017 – present
- Cornerstone Wealth; Chief Investment Officer, 2015 – 2017
- LPL Financial; Registered Representative, 2015 - present
- Goldman Sachs; VP Trading/Hedging Strategies, 2005 - 2015
- Fannie Mae, Senior Project Manager, 2004 - 2005
- Lehman Brothers; Analyst – Municipal Bonds, 2001 - 2004
- Kabira Technologies; Systems Engineer, 2000 - 2001
- Goldman Sachs; Programmer Analyst, 1999 - 2000
- PriceWaterhouseCoopers; Senior Associate, 1997 - 1999

#### Certifications:

##### **CFA®**

The **CHARTERED FINANCIAL ANALYST®**, **CFA®** designation is attained by a person who has successfully completed all three phases of the Chartered Financial Analyst program.

To use the Chartered Financial Analyst designation, an individual must first have a bachelor's degree and three years of practical experience in the investment industry. He or she must then pass a series of three, six-hour examinations. Passing these rigorous tests requires a comprehensive understanding of accounting, economics, and portfolio management, as well as successful demonstration of a high level of proficiency in the valuation and analysis of both equity and fixed-income securities.

The level one exam is a 240-question multiple-choice format test that measures an applicant's ability to apply basic facts, concepts and formulas. The level two and three exams comprise essays and "real-world" case studies that require more advanced calculation, evaluation and problem-solving methodology. Some of the concepts in the curriculum include:

- Financial Statement Analysis
- Micro and Macro Economics
- Securities Analysis and Valuation



- Derivatives
- Statistics
- Fundamental and Technical Analysis
- Corporate Finance
- Global Markets
- Portfolio Management
- Ethics

A CFA certificate is one of the highest awards bestowed in the investment industry and is an internationally recognized and respected designation. Furthermore, to receive the Chartered Financial Analyst designation, the organization which administers the program, the CFA Institute (formerly known as AIMR - the Association for Investment Management and Research) also requires an adherence to certain ethical standards and principles.

### **Item 3 Disciplinary Information**

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I am affiliated with Blackbridge Financial. This is a business name that is used as a DBA (do business as) for brokerage business conducted through LPL Financial and advisory business conducted through Independent Advisor Alliance.

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Robert Russo and/or Jessica Sexton can be reached at 888-430-1555.