

**Item 1: Cover Page**

# **Wrap Fee Program Disclosure Brochure**

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This Disclosure Brochure provides information about the business and practices of Iron Horse Wealth Management, LLC. The purpose of the brochure is to provide information to you so that you can understand and use our services more effectively. Please call us at our main office number listed above if you have questions about the content of this brochure.

Iron Horse Wealth Management, LLC is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The investment advisory services that are described within this brochure are not insured or otherwise protected by the U.S. Government, the FDIC, the Federal Reserve Board, or any other government agency. All investments involve risk, including the possible loss of principal.

The information in the brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Additional information about Iron Horse Wealth Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), by searching for Iron Horse Wealth Management, LLC or using CRD number 165164.

**Item 2: Summary of Material Changes**

There have been no material changes since the Form ADV filed on the IARD March 14, 2018.

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#### **Item 4: Services, Fees & Compensation**

Our firm manages assets for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. As a fiduciary it is our duty to always act in the client's best interest. This is accomplished in part by knowing the client. Our firm has established a service-oriented advisory practice with open lines of communication. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

Our wrap fee program allows clients to pay a single fee for investment advisory services and associated custodial transaction costs. Because our firm absorbs client transaction fees under a wrap arrangement, an incentive exists to limit trading activities in client accounts. Custodial transaction costs are not included in the advisory fee charged by our firm for non-wrap services, and are to be paid by the client to their chosen custodian. Depending on the client's account or portfolio trading activity, clients may pay more for using our wrap fee services than they would for using our non-wrap services. This conflict of interest is mitigated by our fiduciary responsibility to always act in our client's best interest, and as such we do not manage wrap accounts in any different manner from non-wrap accounts.

#### **Our Wrap Advisory Services**

Clients can engage our wrap fee program to manage all or a portion of their assets on a discretionary basis. Clients can establish accounts at Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), an unaffiliated broker-dealer and member FINRA/SIPC for the custody of assets, with our assistance.

We primarily allocate clients' investment management assets among mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, managed futures, real estate partnerships and/or options, as well as the securities components of variable annuities and variable life insurance contracts in accordance with the investment objectives of the client. In addition, we may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. We also provide advice about any type of investment held in clients' portfolios.

We may also render non-discretionary investment advisory services to clients relative to their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, we either direct or recommend the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

We tailor our advisory services to the individual needs of clients. We consult with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the client's investment needs. We strive to ensure that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance based on information provided by the client on the Client Profile form, the Fact Finder, and during a one on one meeting with the client(s) initially and at least annually. Clients are advised to promptly notify the firm if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon our management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds).

We provide investment management services for an annual fee based upon a percentage of the market

value of the assets being managed. Typically, our annual fee includes the cost of brokerage commissions, transaction fees, and other related costs and expense. We do not, however, receive any portion of these commissions, fees, and costs. Our annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by us on the last day of the previous quarter. The annual fee is negotiable and varies depending upon the market value of the assets under management and the type of investment management services to be rendered. The maximum fee will not exceed 1.50% of all assets under management. The client will receive full disclosure and details of all arrangements in the agreement.

Our firm will occasionally utilize the sub-advisory services of a third party investment advisory firm or individual advisor to aid in the implementation of an investment portfolio designed by our firm. Before selecting a firm or individual, our firm will ensure that the chosen party is properly licensed or registered.

For the sub-advisory services rendered to our clients, our firm compensates third party investment advisory firms or individual advisors a percentage of the overall investment advisory fee charged by our firm. The advisory fee paid shall not exceed the fee published for this service. The terms and conditions under which the client shall engage the third party investment advisory firm or individual advisors shall be set forth in a separate agreement between the client and the designated third party.

#### **Referrals to Third Party Money Managers**

The total annual advisory fee for this service shall not exceed 1.50%. A portion of this fee will be paid to our firm and will be outlined in the third party money manager's advisory agreement to be signed by the client. Clients will be provided with a copy of the chosen third party money manager's Form ADV Part 2, all relevant Brochures, a solicitation disclosure statement detailing the fees to be paid to both firms and the third party money manager's privacy policy. All fees that our firm receives from the third party money managers and the written separate disclosures made to clients regarding these fees comply with applicable state statutes and rules.

#### **Other Types of Fees & Expenses:**

The fees not included in the advisory fee for our wrap services are charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions.

#### **Wrap Fee Program Recommendations:**

Our firm does not recommend or offer the wrap program services of other providers.

#### **Item 5: Account Requirements & Types of Clients**

We do not require a minimum account size to open or maintain an account. The types of clients we provide our services to include; individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities, and state or municipal government entities.

#### **Item 6: Portfolio Manager Selection & Evaluation**

##### **Selection of Portfolio Managers**

Our firm utilizes our in-house portfolio managers as well as a selection of outside portfolio managers. In-house accounts are managed by licensed investment adviser representatives ("IARs") of our firm. Prior to becoming licensed with our firm, each IARs industry experience, licensure, outside business activities,

client complaints (if any), disciplinary or regulatory history (if any) and financial well-being will be reviewed. Each IAR will then have a Form U4 and ADV Part 2B on file with our firm. Outside portfolio managers, either individually or firm-wide, are selected based on past performance, investment philosophy, market outlook, experience of associated portfolio managers and executive team, disciplinary, legal and regulatory histories of the firm and its associates, and/or whether compliance procedures are in place to address at a minimum, insider trading, conflicts of interest, and/or anti-money laundering.

Performance returns of wrap portfolios are reviewed at least annually. The nature of these reviews is to learn whether client accounts are in line with their investment objectives and appropriately positioned based on market conditions. If these standards fall below the client objectives, our firm will discuss the review with the portfolio manager for proactive action to realign the investment strategy.

**Advisory Business:**

Information about our wrap fee services can be found in Item 4 of this brochure. Our firm offers individualized investment advice to our Wrap Investment Management clients.

Each Wrap Investment Management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

**Participation in Wrap Fee Programs:**

Our firm does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. All accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

**Performance-Based Fees & Side-By-Side Management:**

Our firm does not charge performance-based fees.

**Methods of Analysis, Investment Strategies & Risk of Loss:****Investment Strategies**

Our philosophy represents an evolution of investment thought that moves beyond simple "Buy and Hold" and basic Asset Allocation to that of Strategy Diversification. It focuses more directly on how investments interact and relate to each other, looking closely at how investments are managed, how they seek to gain their returns, how they address risk exposures, and perhaps most importantly, what their correlations are to one another.

We believe that Strategy Diversification can more effectively address portfolio volatility than basic Asset Allocation across stock and bond asset classes by utilizing strategies with defensive mechanisms, and low or uncorrelated strategies that have return characteristics unrelated to the stock and bond markets. Strategy Diversification is designed to recognize that investments have different characteristics to achieve return and address risk. By diversifying and actively allocating across these various strategies, we strive to build portfolios to address each client's long-term financial plan with more consistent returns and lower portfolio volatility.

With respect to our Retirement Plan Consulting Services, we strive to recommend diversified investment alternatives that plan sponsors may consider for investment or to make available to participants.

## **Risk of Loss**

### *Mutual Funds and Exchange Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"). The per-share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Market Risks*

The profitability of a significant portion of our recommendations or selections may depend to a great extent upon correctly assessing the future course of price movements of various securities in which it invests. There can be no assurance that we will be able to predict those price movements accurately.

### *Management through Similarly Managed Accounts*

For most clients, we generally manage portfolios by allocating portfolio assets among various mutual funds/ securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as "investment strategy"). In so doing, we buy, sell, exchange and/or transfer shares of mutual funds, ETFs and other securities based upon the investment strategy.

Our management using the investment strategy complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the investment strategy, with a safe harbor from the definition of an investment company.

The investment strategy may involve an above-average portfolio turnover that could negatively impact the net after-tax gain experienced by an individual client. Securities in the investment strategy are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to clients may be limited. As further discussed in response to Item 12B (below), we allocate investment opportunities among clients on a fair and equitable basis.

### *Options*

Options allow investors to buy or sell a security at a contracted "strike" price (not necessarily the current

market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

#### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

#### **Voting Client Securities**

We do not and will not accept the proxy authority to vote client securities. Clients retain the right to vote all proxies. Proxy information for any securities which are held in your accounts will be sent to you by the account's custodian. We will not be providing you with this information. However, if you have any questions about a particular situation, you may contact us for general information.

Third party money managers selected or recommended by our firm may vote proxies for clients. Except in the event a third party money manager votes proxies, 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. Therefore (except for proxies that may be voted by a third party money manager), our firm and/or the client shall instruct the qualified custodian to forward to copies of all proxies and shareholder communications relating to the client's investment assets.

#### **Item 7: Client Information Provided to Portfolio Manager(s)**

For accounts managed by our in-house licensed IARs, the IAR selected to manage the client's account(s) or portfolio(s) will be privy to the client's investment goals and objectives, risk tolerance, restrictions placed on the management of the account(s) or portfolio(s) and relevant client notes taken by our firm. Please see our firm's Privacy Policy for more information on how our firm utilizes client information.

For those managed by outside portfolio managers, our firm communicates with your portfolio manager(s) on a regular basis as needed to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, our firm will communicate such information as part of our regular investment management duties. Nevertheless, our firm will also communicate information to your portfolio manager(s) when you ask us to, when market or economic conditions make it prudent to do so, etc.

#### **Item 8: Client Contact with Portfolio Manager(s)**

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns about their portfolios or other matters.

#### **Item 9: Additional Information**

##### **Disciplinary Information**

We do not have any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management to disclose.



**Financial Industry Activities & Affiliations**

There are no industry activities or affiliations to disclose.

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

We have adopted a Code of Ethics, the full text of which is available to clients upon request. Iron Horse has several goals in adopting this Code. First, we desire to comply with all applicable laws and regulations governing its practice, and our management has determined to set forth guidelines for professional standards, under which our associated persons are to conduct themselves. We have set high standards, the intention of which is to protect client interests at all times and to demonstrate its commitment to its fiduciary duties of honesty, good faith and fair dealing with Clients. All associated persons are expected to adhere strictly to these guidelines, as well as the procedures for approval and reporting established in the Code of Ethics primarily related to personal securities transactions, and violations of the Code. In addition, we maintain and enforce written policies reasonably designed to prevent the misuse of material non-public information by us or any person associated with us. Please contact our Chief Compliance Officer at 515-779-6250 to obtain a complete copy of our Code of Ethics.

**Review of Accounts**

For those clients engaged in our wrap investment management services the firm monitors those portfolios as part of an ongoing process while regular account reviews are conducted periodically as needed but at least annually. Such reviews are conducted by one of our investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with us and to keep us informed of any changes thereto. We contact ongoing investment advisory clients at least annually to review our previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the custodian for the client accounts.

Clients receiving wrap investment management services will also receive a quarterly performance report issued either by the firm or the selected custodian on behalf of the firm.

**Suggestion of Brokers to Clients**

Adviser participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), an unaffiliated broker-dealer and member FINRA/SIPC. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. Adviser receives some benefits from TD Ameritrade through its participation in the Program.

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

In addition, third party vendors have occasionally provided funds for events for Adviser's clients which also meets the definition of "eligible" products and services under Safe Harbor as determined under the Securities and Exchange Act, Section 28(e).

#### **Solicitors**

Adviser does not have an arrangement under which it or its associated persons compensate others for client referrals.

#### **Financial Information**

We do not require nor do we solicit the prepayment of more than \$1,200 in fees per client, six months or more in advance when providing advisory services. As a result, we are not required to include a financial statement with this brochure. We are not and have never been the subject of a bankruptcy petition.

#### **Confidentiality**

Protecting client privacy is very important to the Adviser. The Adviser views protecting its clients' private information as a top priority. Pursuant to the requirements of the Gramm-Leach-Bliley Act, the Adviser has instituted policies and procedures to ensure that customer information is kept private and secure. The Adviser does not disclose any non-public personal information about its clients or former clients to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client account, the Adviser may share some information with its service providers, such as, but not limited to, transfer agents, custodians, broker/dealers, accountants, and lawyers.

The Adviser restricts internal access to non-public personal information about its clients to those employees who need to know that information in order to provide products or services to the client. The Adviser maintains physical and procedural safeguards that comply with federal standards to guard a client's non-public personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be the Adviser's policy never to sell information about current or former customers or their accounts to anyone. It is also the Adviser's policy not to share information unless required to process a transaction, at the request of the Adviser's customer, or as required by law.

A copy of the Adviser's privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of the advisory agreement. Thereafter, the Adviser will deliver a copy of the current privacy policy notice to its clients prior to changing its sharing practices.