

# United Income, Inc.

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## Form ADV Part 2A Appendix 1 Traditional Wrap Fee Program Brochure

August 14, 2019

This Traditional Wrap Fee Program Brochure provides information about the qualifications and business practices of United Income, Inc. (“United Income.”, “Adviser”, the “firm”, “us”, “we”, “our”) If you have any questions about the contents of this Traditional Wrap Fee Program Brochure, please contact us at (202) 558-2017 or via email at [compliance@unitedincome.com](mailto:compliance@unitedincome.com). The information in this Traditional Wrap Fee Program Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

United Income is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about United Income is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as CRD number. The CRD number for United Income is 285084. The SEC’s web site also provides information about any persons affiliated with United Income who are registered as Investment Adviser Representatives.

## Item 2 – Material Changes

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### Summary of Material Changes

The following material changes have been made to United Income, Inc.'s Traditional Wrap Fee Program Brochure since its initial filing on December 20, 2018:

- Item 6 - United Income enhanced the general risk disclosures, added a description of the risks and other considerations associated with borrowing money in margin accounts and added a description of cybersecurity risks.
- Item 9 - United Income updated this item to disclose the relationship that we and one of our investment adviser representatives ("IAR") have with Purshe Kaplan Sterling Investments ("PKS"), an unaffiliated registered broker-dealer and to reflect the fact that we no longer have IARs who are also registered representatives of First Allied Securities, Inc.

On August 14, 2019, we amended the United Income Wrap Fee Program Brochure as follows:

- Item 4 – United Income disclosed its acquisition by Capital One, N.A.

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## Item 4 – Services, Fees & Compensation

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United Income, a subsidiary of Capital One, N.A. (“Capital One”), offers portfolio management and financial planning advice regarding securities and other financial services to clients.

United Income was founded by Matthew Fellowes, previously the founder of HelloWallet, former Chief Innovation Officer of Morningstar Financial, and Fellow at The Brookings Institution. His vision for founding United Income was based on his assessment that the way investors manage their portfolios does not account for the changes in life expectancy, lifestyles, and technology.

We are committed to the precept that by placing the client’s interests first, we will add value to the portfolio management and financial planning process and earn the client’s trust and respect. We value long term relationships with our clients whom we regard as strategic partners in our business.

We offer a wrap fee program as described in this Traditional Wrap Fee Program Brochure that we call our “Traditional Wrap Fee Program”. Our Traditional Wrap Fee Program accounts are managed on an individualized basis according to the client’s investment objectives, financial goals, risk tolerance, etc.

A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we incur the fees for executed trades.

This document describes the investment advisory services offered under our Traditional Wrap Fee Program. Unless otherwise specified, references in this Traditional Wrap Fee Program Brochure to “clients” means clients of the Traditional Wrap Fee Program, and references to the advisory services provided by United Income mean the portfolio management and financial planning services provided to the clients of this program. United Income also provides (1) traditional portfolio management services and corporate sponsored retirement plan consulting services, and (2) advisory services through a second wrap fee program, the United Income Wrap Fee Program, which are described in a separate Brochure and United Income Wrap Fee Program Brochure, respectively, available by contacting United Income at 202-558-2017, by email at [compliance@unitedincome.com](mailto:compliance@unitedincome.com), or on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Our Traditional Wrap Advisory Services

### *Traditional Wrap Comprehensive Portfolio Management:*

We offer discretionary advisory services for a fee based on a percentage of your assets under management. These services include investment analysis, allocation of investments, quarterly portfolio statements, financial commentaries, and ongoing monitoring of client portfolios.

We determine your portfolio composition based on your needs, your portfolio restrictions, if any, your financial goals and your risk tolerances. We will work with you to obtain necessary information regarding your financial condition, investment objectives, liquidity requirements, risk tolerance, time horizons, and any restrictions on investing. This information enables us to determine the portfolio best suited for your investment objective and needs.

In performing our services, we shall not be required to verify any information received from you or from other professionals. If you request, we may recommend and/or engage the services of other professionals for implementation purposes. You are under no obligation to engage the services of any such recommended professional.

Once we have determined the types of investments to be included in your portfolio and allocated them, we will provide ongoing portfolio review and management services. This approach requires us to review your portfolio at least quarterly. We will rebalance the portfolio, as we deem appropriate, to meet your financial objectives.

In all cases, you have a direct and beneficial interest in your securities, rather than an undivided interest in a pool of securities. We do have limited authority to direct your account custodian to deduct our investment advisory fees from your accounts, but only with the appropriate authorization from you.

Our standard investment advisory fees are reflected in the chart below:

Account size		Traditional Wrap Program Standard Fee
-	\$500,000	1.35%
\$500,001	\$2,000,000	1.25%
\$2,000,001	\$5,000,000	1.10%
\$5,000,001	\$10,000,000	0.95%
Above \$10,000,001		0.70%

The specific advisory fees are set forth in your Investment Advisory Agreement. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and you as the client. In certain circumstances, our fees and the timing of the fee payments may be negotiated.

Our firm's annualized fees under the program are billed on a pro-rata basis quarterly in advance based on the value of your account on the last day of the quarter. Fees will be deducted from your managed account as we do not offer direct billing. As part of this process, the client is made aware of the following:

- a) You provide written authorization permitting us to be paid directly from the managed account held by the independent custodian;
- b) Our firm sends an electronic request to the custodian indicating the amount of the fee to be paid from the client's managed account;
- c) Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the Assets and all disbursements in your account including the amount of the advisory fees paid to us.

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

You may pay custodial fees, 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. These fees are not included within the wrap-fee you are charged by our firm.

#### **Item 5 – Account Requirements and Types of Clients**

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We require a minimum household balance of \$250,000 for our Traditional Wrap Fee Program. This minimum household balance requirement would be required throughout the course of the client's relationship with our firm and may be negotiable depending on the client's financial circumstance.

The Traditional Wrap Fee Program has the following types of clients:

- Individuals and High Net-Worth Individuals;
- Small Businesses, Foundations Trusts or Estates;
- Corporations, Limited Liability Companies and/or Other Business Types.

## Item 6 – Portfolio Manager Selection & Evaluation

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Our firm does not utilize outside portfolio managers. All accounts are managed by our inhouse professionals. This may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services.

### Advisory Business:

See Item 4 for information about our Traditional Wrap Fee advisory program. We offer individualized investment advice to clients utilizing our Traditional Wrap Portfolio Management service.

Our advisory services are tailored to meet your individual needs. You will have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities. However, when using mutual funds or Exchange Traded Funds (“ETFs”), this multi-fund manager approach makes it difficult for us to ensure that your portfolio will not invest in a particular industry or security. However, we are happy to discuss your preferences regarding socially-conscious or other investment concerns and, we will try wherever possible, to accommodate them.

### Portfolio Managers

United Income is the sponsor and portfolio manager for the Traditional Wrap Fee Program and manages the investment portfolios of clients directly in accordance with each client’s investment advisory agreement. We do not recommend or select other portfolio managers to manage Traditional Wrap Fee Program client accounts.

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

We do not charge performance fees to our clients.

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

Our Traditional Wrap Fee Program investment approach is based on the philosophy that straightforward, systematic investment management using lower-cost, liquid instruments can provide clients with a lower-stress and potentially more-favorable investment experience over time. The team has based its approach on well published academic financial research, such as Modern Portfolio Theory, Time-Series Momentum, Active-vs-Passive Performance Comparison, and research in the area of behavioral finance. The approach includes two primary components: strategic asset allocation and tactical shifts based on the market environment.

The *strategic component* relies on three fundamental concepts:

- 1) *Asset allocation is important:* Many investment research studies have shown that the asset allocation decision (e.g., how much to hold in stocks vs. bonds) contributes much more

significantly to investment performance than the security selection decision (e.g., whether to buy Stock A vs. Mutual Fund B). As such, the team focuses its efforts on defining a weighting of various asset classes that is suitable for client objectives and then selecting well-diversified investments to represent each asset class.

2) *United Income believes that the best long-term relative investment returns will come from the strongest economies:* Over time, the strongest investment performance tends to come from economies and market sectors that exhibit the best prospects for economic growth (e.g., GDP growth), attract foreign direct investment, and have favorable demographic and regulatory conditions. The economies and sectors that best meet these criteria, however, will change over time. To account for this, the team reviews macroeconomic data from governments and NGOs (e.g., International Monetary Fund), along with analyst reports from respected economists, academics, and asset managers. Based on this information and internal analysis, the team makes adjustments to the maximum allocation to each asset class two times a year.

3) *Active investment managers will underperform their benchmarks over time:* It is well-publicized that, due to a variety of factors, the majority (nearly 60%) of active investment managers underperform their benchmarks in a given year. Since 2010, only 5% of top-performing fund managers are able to remain in the top-quartile for three years in a row. Consequently, the investment strategy relies on large, passively-constructed ETFs to help reduce the risks of underperformance associated with style drift, higher fees, and manager biases.

We use the following process to manage our strategic allocation in the Traditional Wrap Fee Program:

- A- Gather economic and financial data from reputable sources.
- B- Identify long-term investment themes and sources of possible risk and opportunity.
- C- Conduct scenario analysis to identify the relationships between themes and asset class returns, as well as possible risk factors.
- D- Increase or decrease allocation to asset classes, sectors, or maturity terms based on the results of the analysis.
- E- Reflect allocation changes in client portfolios as a part of the account review process.

The *tactical component* of the strategy relies on four concepts:

1) *Market returns do not follow a normal distribution:* Historically, major market indices (e.g., S&P 500, etc.) have exhibited expected returns and volatility that traditional statistical models would not predict. Specifically, there are significantly more "major" declines (i.e., greater than 10% in a quarter) than predicted. Our expectation is that this will continue or increase in the



future and that investors will be exposed to greater-than expected risk of substantial market drops.

2) *Investors tend to have greater interest in mitigating losses in bad markets than they do in maximizing gains in good markets:* The tactical component of the strategy functions to reduce an investor's exposure to indices that appear to be in a downward trend and to increase the exposure to indices that appear to be in an upward trend. The underpinning of this design is to provide clients with peace-of-mind that there is a systematic process to reduce their exposure to markets in prolonged decline.

3) *Market returns move with momentum:* Through extensive analysis and back-testing, the team has determined a combination of rolling return and moving-average indicators, collectively referred to as "momentum-based returns." Over a historical period, it appears that, weekly returns are more often negative when the momentum-based return is negative and more often positive when the momentum-based return is positive. The Traditional Wrap Fee Program investment models rely on the expectation that this relationship will continue in the future and therefore seek to use the momentum-based returns as an indicator of when temporary changes to investment allocation may be appropriate.

4) *Liquidity and cost are important considerations:* High expenses can be a significant detractor from investment returns. Similarly, wide trading spreads increase the risk of poor trade execution in thinly-traded securities which historically has had a negative effect on portfolio performance. As such, the Traditional Wrap Fee Program strategy uses ETFs that are among the most heavily traded and efficient (in terms of spread) in their asset classes. These ETFs also have some of the lowest expense ratios in their asset classes.

Our firm uses the following process to manage its tactical shifts:

- A- On a weekly basis, calculate momentum-based returns of each asset class
- B- Compare the momentum-based returns to defined sensitivity points, which the team determined using historical return and volatility testing.
- C- If the value of the momentum-based return is less than its specified "loss trigger," sell a portion of the "triggered" asset class and move the cash created into a short-term US Treasury ETF.
- D- If the value of the momentum-based return is greater than its specified "buy trigger" and there is an allocation to the ST US Treasury ETF, then sell some or all of the ST US Treasury ETF (depending on the size of the ST US Treasury position) and use the cash created to buy the equity ETF that reached the buy trigger.

- E- Periodically test and re-optimize trigger points, taking into consideration changes in market conditions.

## Investment Strategies

The team manages several investment strategies, each designed to serve a different purpose or to provide a different market exposure. When creating a client's investment allocation, the team will combine these strategies in different proportions to meet a given client's situation based on four dimensions:

1. Risk Tolerance, which influences how much to hold in equity investments vs. other types of investments,
2. Account Size, which affects how many investment positions to include,
3. Income need, which influences whether the team includes income-focused investments, and
4. Tax-efficiency need, which primarily determines the type of fixed income investments used (e.g., corporate vs. municipal bonds).

The strategies include:

A- *Dynamic Global Equity*: The Dynamic Equity strategy aims to provide global equity market returns with decreased risk and forms the core of many client portfolios. The strategy includes five primary ETFs representing US large-cap companies, US small-cap companies, international developed-market companies, and international emerging-market companies. A sixth short-term US Treasury ETF represents a "low risk" position and comes into the allocation from time-to-time. The team makes adjustments to the weightings between these ETFs based on the strategic allocation analysis and tactical momentum shifts described in the general approach.

B- *Dynamic Equity with Sectors*: The Dynamic Equity with Sectors strategy uses the same approach and investments of the Dynamic Global Equity strategy but also includes nine additional ETFs that sub-divide the US large-cap exposure into market sectors (e.g., industrials, technology, health care, etc.). Using the market sectors enables the team to reduce exposure to one sector while maintaining allocation to the others if warranted by market conditions.

C- *Dynamic Income*: The Dynamic Income strategy seeks to provide higher levels of dividend income to investors by providing exposure to asset classes such as high-yield bonds and master-limited partnerships. The strategy uses strategic and tactical analyses that are similar to the Equity strategies in an attempt to reduce the risk of loss.

D- *Investment-Grade Fixed Income*: The Investment-Grade Fixed Income strategy uses instruments that provide exposure to government, agency, and corporate bonds. The positions include a combination of fixed-maturity and perpetual-maturity investments in an attempt to manage interest rate and reinvestment risks.

E- *Tax-Efficient Investment-Grade Fixed Income*: The Tax-Efficient Investment-Grade Fixed Income strategy uses the same instruments as the Investment-Grade strategy but adds exposure to municipal bonds for income that is not subject to federal income tax.

While these strategies comprise the majority of client assets, the team may incorporate other asset classes and positions in portfolios for time-to-time depending on market views and client objectives.

## Risk of Loss

The securities in the Traditional Wrap Fee Program client portfolios typically include exchange-traded funds (ETFs), mutual funds, stocks, corporate and municipal bonds, and other assets.

Diversification does not ensure a profit and may not protect against loss in declining markets. We cannot guarantee our investment strategy will yield a return and meet investor objectives. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that clients should be prepared to bear. Clients should understand that investment decisions made by United Income are subject to various market, currency, economic, political, and business risks. The investment decisions we make will not always be profitable, nor can we guarantee any level of performance.

Clients need to remember that past performance is no guarantee of future results. All investments carry some level of risk. Clients can lose some or all of the money invested, including principal, because the securities held in an account go up and down in value. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.

While past performance does not necessarily predict future returns, it can tell how volatile (or stable) an investment has been over a period of time. Generally, the more volatile the investment has been, the higher the investment risk. If money is needed to meet a financial goal in the near-term, the client probably cannot afford the risk of investing in a security with a volatile history because there may not be enough time to ride out any declines in these types of investments.

Traditional Wrap Fee Program client portfolios are subject to some or all of the following risk factors:

\* **Market Risk** — Even a long-term investment approach cannot guarantee a profit. Economic, political and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.

\* Foreign Securities and Currency Risk — Investments in international and emerging market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.

\* Capitalization Risk — Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services, and their stocks have historically been more volatile than the stocks of larger, more established companies.

\* Interest Rate Risk — In a rising rate environment, the value of fixed-income securities generally declines and the value of equity securities may be adversely affected.

\* Credit Risk — Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and, thus, impact the fund's performance.

\* Securities Lending Risk — Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

\* Derivative Risk — Derivatives are securities, such as futures contracts, whose value is derived from that of other securities or indices. Derivatives can be used for hedging (attempting to reduce risk by offsetting one investment position with another) or non-hedging purposes. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will achieve the desired results.

\* Hedging Risk — While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. Derivative securities are subject to a number of risks, including the following:

- Liquidity risk
- Interest rate risk
- Market risk
- Credit and management risks
- Risk of improper valuation

Changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index, and the fund could lose more than the principal amount.

\* Exchange-Traded Funds — ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."

\* **Borrowing Money (Margin Accounts)** — A margin account is an account where you may borrow funds for the purpose of purchasing additional securities. You may also borrow money to pay for fees associated with your account or to withdraw funds. If you decide to open a margin account, please carefully consider the following:

- If you do not have available cash in your account and use margin, you should understand that you will be borrowing money to purchase securities, pay for fees associated with your account or withdraw funds;
- You are using the securities that you own as collateral;
- Money borrowed is charged an interest rate that is subject to change over time;
- Because your advisory fee is based on the total market value of the securities in your account, if you have a margin debt balance (in other words you have borrowed and owe money to your custodian), your margin debit balance does not reduce the total market value. In fact, incurring margin debt results in a total market value in the account that is higher than it would be if you didn't incur margin debt, which results in a higher advisory fee; and
- You should understand that:
  - the use of borrowed money will result in greater gains and or losses than otherwise would be the case without the use of margin, and
  - there will be no benefit from using margin if the performance of the account does not exceed the interest expense being charged on the margin balance plus the additional advisory fees assessed on the securities owned using margin.

Please also review the margin disclosure document provided by your custodian for additional risks involved in opening and maintaining a margin account.

\* **Cybersecurity Risks** — As the use of technology has grown, there are ongoing cybersecurity risks that make United Income and its clients susceptible to operational and financial risks associated with cybersecurity. To the extent that United Income is subject to a cyber-attack or other unauthorized access is gained to its systems, United Income and its clients may be subject to substantial losses in the form of theft, loss, misuse, improper release or unauthorized access to confidential or restricted data related to United Income or its clients. Cyber-attacks affecting United Income's service providers holding its financial or client data may also result in financial losses to United Income's clients, despite efforts to prevent and mitigate such risks under United Income's policies. While measures have been developed which are designed to reduce the risks associated with cybersecurity, there are inherent limitations in such measures and there is no guarantee those measures will be effective, particularly since United Income does not directly control the cybersecurity measures of its service providers and financial intermediaries with which it does business.

### Voting Client Securities:

We will not vote proxies under our limited discretionary authority. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies.

## Item 7 – Client Information Provided to Portfolio Managers

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We do not use outside portfolio managers for the Traditional Wrap Fee Program. All client information is maintained by us. Client information is reviewed and updated at least annually. Our financial advisors work with you directly to understand your current financial situation, existing resources, financial goals, and tolerance for risk. Our firm urges you to communicate to us any significant changes to your financial or personal circumstances, so that we can consider such information in managing your investments.

## Item 8 – Client Contact with Portfolio Manager(s)

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Our firm does not place restrictions on the Traditional Wrap Fee Program client's ability to contact and consult their financial advisor. As the portfolio manager, program clients are free to contact us at any time.

## Item 9 – Additional Information

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### Disciplinary Information

United Income not have any legal, financial or other "disciplinary" item to report.

### Financial Industry Activities & Affiliations

#### *Benefit Strategies*

Management personnel of United Income are also separately affiliated with Benefit Strategies, Inc., a third-party administrator that provides administrative support services to the sponsors of qualified retirement plans for a fee. Benefits Strategies, Inc. is owned and operated by United Income.

In particular, Benefit Strategies, Inc. provides account record-keeping services and a trading platform (via internet and telephone) by which plan participants may direct the investment of assets in their qualified plan account. Benefit Strategies, Inc. may refer plan sponsors in need of

advisory services to our firm. Conversely, United Income may refer clients in need of third-party administrative services to Benefit Strategies, Inc. However, there are no referral fee arrangements between Benefit Strategies, Inc., and United Income for these referrals. Third-party administrative services provided by Benefit Strategies, Inc., are separate and distinct from the advisory services we provide and are provided for separate compensation. No advisory client is obligated to use Benefit Strategies, Inc. for any third-party administrative services and no client of Benefit Strategies, Inc. is obligated to utilize United Income's advisory services. Sponsors or trustees of pension, profit sharing, 401(k), IRA, or other client accounts subject to the provisions of ERISA or the prohibited transaction provisions of the Internal Revenue Code are solely responsible for determining whether or not to engage the services of Benefit Strategies, Inc.

Advisory fees will be offset by compensation earned by Benefit Strategies, Inc. from pension, profit sharing, 401(k), IRA, or other client accounts if such fee arrangements would not constitute a prohibited transaction under the provisions of ERISA or the Internal Revenue Code and where an exemption from such prohibition is not otherwise applicable.

#### *Insurance*

United Income IARs may act as agents appointed with various life, disability or other insurance companies, receive commissions, trails, or other compensation from the respective product sponsors and/or as a result of effecting insurance transactions for clients. However, clients should note that they are under no obligation to purchase any insurance products through United Income's IARs. Please note that IARs spend less than 10% of their time on business relating to Insurance.

#### *Broker Dealer*

United Income is not a broker-dealer, but one of our IARs is a registered representative of PKS, a full-service broker-dealer, member FINRA/SIPIC, which compensates him for effecting securities transactions. When placing securities transactions through PKS in his capacity as a registered representative, this IAR may earn sales commissions. Because this IAR is also a registered agent of PKS, PKS has certain supervisory and administrative duties pursuant to the requirements of FINRA Conduct Rule 3040. PKS and United Income are not affiliated companies. This IAR spends less than 50% of his time in connection with broker-dealer activities.

PKS engages in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by United Income or its IARs, investments in securities may be recommended for clients. If PKS is selected as the broker-dealer, that broker-dealer and its registered representatives, including the IAR of United Income, may receive commissions for executing securities transactions. Because United Income is not a broker-dealer, United Income would not receive any of those commissions.

You are advised that if PKS is selected as the broker-dealer, the transaction charges may be higher or lower than the charges you may pay if the transactions were executed at other broker-dealers.

You should note, however, that you are under no obligation to purchase securities through IARs of United Income or through PKS.

Moreover, you should note that under FINRA rules and regulations, PKS has an obligation to maintain certain client records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives. These obligations require United Income to coordinate with, and have the cooperation of, registered representatives of PKS who may operate as, or otherwise be associated with, investment advisers other than United Income. Accordingly, PKS may limit the use of certain custodial and brokerage arrangements available to clients of United Income.

IARs of United Income, in the capacity as registered representatives of a broker-dealer, or as agents appointed with various life, disability or other insurance companies, receive commissions, 12(b)-1 fees, fee trails, or other compensation from the respective product sponsors and/or as a result of effecting securities transactions for clients, which could create a conflict of interest for such IARs. However, clients should note that they are under no obligation to purchase any investment products through United Income's IARs.

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

United Income has adopted a Code of Ethics, which sets forth the high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Our firm and our personnel owe a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere, not only to the specific provisions of the Code of Ethics, but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports, as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement, and record-keeping provisions.

United Income's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. All employees are reminded that such information may not be used in a personal or professional capacity.

A copy of United Income's Code of Ethics is available to our prospective and current clients upon request by sending an email to [compliance@unitedincome.com](mailto:compliance@unitedincome.com) or by calling our office at (202) 558-2017.



United Income and our employees are prohibited from engaging in principal transactions and agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees 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.

United Income and our employees are permitted to buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, United Income employees may have an interest or position in certain securities which are also recommended to clients.

It is the expressed policy of our firm that United Income employees may not purchase or sell any security prior to a transaction in the same security being implemented for a client account.

We aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average execution price, and transaction costs will be shared equally and on a pro rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro rata, with each account receiving the average price. Our employee accounts will be included in the pro rata allocation.

United Income has established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosures:

- No principal or employee of our firm will put his or her own interest above the interest of an advisory client.
- Principals and employees of United Income are prohibited from buying or selling securities for their personal portfolio(s) while in possession of material, non-public information relating to such securities.
- We maintain a list of all reportable securities holdings held by in our firm's and employees' investment accounts. These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his designee.
- We have established procedures for the maintenance of all required books and records.
- Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
- All of our principals and employees must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

- United Income will provide its Code of Ethics to all supervised persons and will require each supervised person to acknowledge their receipt and understanding of the Code of Ethics.
- United Income's Code of Ethics requires all supervised persons to report violations of the Code of Ethics to senior management.
- Any individual who violates any of the above restrictions may be subject to termination.

## Review of Accounts

*Account Reviews and Reviewers.* The underlying securities within the investment advisory services are regularly monitored. These reviews will be conducted by Louise Short and Travis Smythe. An annual review is usually conducted in person or by telephone.

The purpose of all these reviews is to ensure that the investment plan continues to be implemented in a manner which matches your objectives and risk tolerances. More frequent reviews may be triggered by material changes in variables such as your individual circumstances, or the market, political or economic environment. You are urged to notify us of any changes in your personal circumstances.

*Statements and Reports.* United Income will have the ability to provide clients with Performance/ Position summary reports upon request. Reports may also be provided at every client meeting.

The custodian for the individual client's account will also provide clients with an account statement at least quarterly.

**You are urged to compare the reports provided by United Income to the account statements you receive directly from your account custodian.**

## Client Referrals & Other Compensation

United Income does not compensate any third-party solicitors for Traditional Wrap Fee Program referrals.

We require clients of the Traditional Wrap Fee Program to use TD Ameritrade for custody and brokerage services. We participate 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. There is no direct link between our participation in the program and the investment advice we give to our clients. 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 Advisor 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 us by third party vendors. The benefits received by United Income or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by United Income or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

### **Directed Brokerage**

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities under the Traditional Wrap Fee Program are placed for execution, and the commission rates at which such securities transactions are effected. We required that Traditional Wrap Fee Program clients use TD Ameritrade for custody and brokerage services under the Traditional Wrap Fee Program. Each program client is required to establish their account(s) with TD Ameritrade. Please note that not all advisers have this requirement.

### **Financial Information**

United Income does not have any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. United Income has not been the subject of a bankruptcy petition at any time over the past ten years.