



## **Form ADV Part 2A: Firm Brochure**

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### **Item 1 – Cover Page**

This brochure provides information about the qualifications and business practices of Independent Advisor Alliance, LLC. ("IAA"). If you have any questions about the contents of this brochure, please contact us at 888-430-1555. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

**Independent Advisor Alliance, LLC is a registered investment advisor. Registration does not imply any level of skill or training.**

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



## Item 2 – Material Changes

Since the last annual filing of this brochure, submitted in August 2024, the following material changes have occurred:

- November 2024: IAA added a third-party to facilitate discretionary asset management of held-away assets such as defined contribution plan participant accounts. Additional information can be found in Item 4 of this brochure. Information related to asset management through third-party model investment portfolios was also added – please see Item 8 of this brochure for additional information.
- August 2024: IAA added Wealth.com to help facilitate IAA client access to estate planning services. Additional information can be found in Item 4 of this brochure.

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## Item 4 – Advisory Business

Independent Advisor Alliance (“IAA,” “we” or “our”) is an SEC-registered investment advisor that provides clients with asset management, retirement, and financial planning services as described below. Our home office is in Charlotte, North Carolina, and our business model includes a network of advisory representatives with offices located throughout the United States which operate under a separate and independently owned “do-business- as” (“DBA”) name other than IAA. These DBA names and logos may appear on the advisory representative’s sales and marketing materials and are not owned or controlled by IAA with the exception of Yellow Penguin, Blackbridge Financial and Blackbridge Advisors. Regardless of the name used, these advisory representatives remain licensed through IAA and subject to our supervision when offering advisory services through IAA.

IAA became registered as an investment advisor in 2013 and is owned by IAA Holdings, LLC (80%) and LPL Financial (20%). For information about the experience of the advisory representative handling your account, please refer to the brochure supplement for the advisory representative, a copy of which you should have received along with this brochure.

### Investment Advisory Services

IAA and its investment adviser representatives (“IARs”) offer a variety of discretionary and non-discretionary investment advisory services on a wrap and non-wrap fee basis. This Brochure describes the advisory programs and advisory services offered by the IAA on a non-wrap fee basis. For more information on IAA’s Wrap Fee Program, please see IAA’s Wrap Fee Program Brochure.

#### ASSET MANAGEMENT SERVICES

IAA offers Asset Management services to advisory Clients. IAA will offer Clients ongoing asset management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors.

##### Discretionary

When the Client elects to use IAA on a discretionary basis, the Client will sign a limited trading authorization or equivalent allowing IAA to determine the securities to be bought or sold and the amount of the securities to be bought or sold. IAA will have the authority to execute transactions in the account without seeking Client approval on each transaction.

##### Non-Discretionary

When the Client elects to use IAA on a non-discretionary basis, IAA will determine the securities to be bought or sold and the amount of the securities to be bought or sold. However, IAA will obtain prior Client approval on each and every transaction before executing any transaction.

#### PONTERA:

We use a third-party platform to facilitate management of held away assets such as defined contribution plan participant accounts, with discretion. The platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be



provided to the Client allowing them to connect an account(s) to the platform. Once Client account(s) is connected to the platform, the IAA advisor will review the current account allocations. When deemed necessary, the advisor will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly and allocation changes will be made as deemed necessary.

#### SUB-ADVISORS:

IAA may also select and appoint one or more Sub-Advisor(s) to provide Sub-Advisor Services to Client's Account. Such Sub-Advisor Services will be as determined by IAA. Such Sub-Advisor(s), in providing Sub-Advisor Services, shall have all of the same authority relating to the management, including fee deduction authority, of Client's Account as is granted to IAA. In addition, at IAA's discretion, IAA may grant such Sub-Advisor(s) full authority to further delegate such discretionary investment authority to other Money Managers. Client will agree to such authority within IAA's Advisory Agreement. All fees paid by Client to IAA are inclusive of the fees paid to Sub-Advisor.

#### THIRD-PARTY MANAGERS/CO-ADVISORY PLATFORMS:

IAA may also act as a solicitor and refer clients to third party investment advisory firms for management services. The advisory representative will assist you in determining your investment objective for the account and recommend an appropriate portfolio or management style offered by the third-party advisor. The third-party advisor will buy and sell securities in your account on a discretionary basis. IAA does not participate in the management of accounts managed by the third-party advisor. You should refer to the disclosure brochure for the third-party advisor for further information about the services offered by the third-party advisor, as well as whether or not the third-party advisor will permit you to impose reasonable restrictions on the investments selected within the account.

IAA may also act as a solicitor and refer retirement plan participants and plan sponsors to third party investment advisory firms for services including allocation recommendations and retirement education, but specifically excluding account management or assistance with trading. Such services will be provided to you primarily through a web portal provided by the third-party advisor. The advisory representative will assist you in establishing the relationship with the third-party advisor and be available to answer questions and facilitate the relationship on an ongoing basis. You should refer to the disclosure brochure for the third-party advisor for further information about the services offered by the third-party advisor.

You will be required to enter into an investment advisory agreement and other account paperwork with the third-party advisor to establish a relationship, as well as sign a disclosure that IAA is acting in a solicitation-only capacity.

#### FINANCIAL PLANNING AND CONSULTING

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information, and analysis will be considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service will receive a written report, providing the client with a detailed financial plan designed



to achieve his or her stated financial goals and objectives. In general, the financial plan may address any or all of the following areas of concern:

- Personal: Family records, budgeting, personal liability, estate information and financial goals;
- Tax & Cash Flow: Income tax and spending analysis and planning for past, current, and future years. We may illustrate the impact of various investments on a client's current income tax and future tax liability;
- Death & Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis;
- Retirement: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals;
- Investments: Analysis of investment alternatives and their potential effect on a client's portfolio;
- Estate: Analysis of financial issues with respect to living trusts, wills, estate tax, powers of attorney, asset protection plans, nursing homes, Medicare and/or Medicaid and elder law; and
- Insurance: Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home, and automobile.

IAA advisory representatives gather required client information through a combination of personal interviews and telephone and electronic communications. Information gathered may include a client's current financial status, tax status, future goals, return objectives and attitudes towards risk. Advisory representatives will review supporting documents supplied by the client. All recommendations are of a generic nature. The implementation of any specific financial plan recommendations is entirely at the client's discretion.

Clients wishing to engage IAA for stand-alone financial planning services will be required to enter into a written financial planning agreement. Some IARs will offer financial planning combined with investment management for one fee, the terms of which will be disclosed in an advisory agreement.

Typically, the financial plan will be presented to the client within six months of the agreement date, provided that all information needed to prepare the financial plan has been promptly provided to the advisory representative by the client.

Clients can also receive investment advice on a more limited basis through consulting services. This may include advice on isolated area(s) of concern such as estate planning, retirement planning, insurance issues, annuity advice, or any other specific topic. Clients wishing to engage IAA for consulting services will be required to enter into a written consulting services agreement, or advisory agreement. Clients will not receive a written financial plan from IAA when engaging us for consulting services.

Financial planning and consulting services offered by IAA conclude upon final consultation with the client. These services do not include the implementation of any investment recommendations.

### [WEALTH.COM ESTATE PLANNING SERVICES](#)

Certain representatives of IAA offer estate planning services through Wealth.com. Wealth.com provides a holistic estate planning solution that allows users to create, manage, and administrate estate plans through a technology platform. Wealth.com facilitates an optional hybrid model where clients can start the process digitally but still receive a bespoke human experience by consulting live with one of our local T&E attorney partners for a fee. Advisors purchase access to the Wealth.com platform as an annual license and can then invite or refer an unlimited



number of clients to the platform for estate planning.

Wealth.com allows IAA clients to create estate planning documents to action their legacy objectives. Once referred to Wealth.com, IAA clients enter the Wealth platform and are guided through the document creation process by Wealth, not by IAA representatives. Though IAA representatives can refer clients to the platform, neither IAA nor its representatives are involved with the drafting of the legal documents and do not have the ability to make selections for the client. IAA and its representatives can receive read-only visibility of the client account to help ensure they complete the process of creating and continue to monitor for optimization opportunities.

### WEALTH COACHING SERVICES

Once financial planning goals have been identified, you may engage IAA for ongoing coaching. This differs from the financial planning process in that the wealth coach or stewardship coach is engaged to help you make progress toward your stated goals. Coaching is intended to assist you to stay on a prescribed plan for working toward financial goals. Additionally, coaching may help reduce the frequency of needed financial plan updates. Coaching services will continue on an ongoing basis until terminated by either party.

### RETIREMENT PLAN CONSULTING SERVICES

IAA offers Retirement Plan Consulting Services to qualified and non-qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit-sharing plans, cash balance plans, and deferred compensation plans.

**Limited Scope 3(21) Investment Advisor.** IAA acts as a limited scope ERISA 3(21) fiduciary that can advise, help, and assist plan sponsors with their investment decisions. As an investment advisor IAA has a fiduciary duty to act in the best interest of the Client. The plan sponsor is still ultimately responsible for the decisions made in their plan, though using IAA can help the plan sponsor delegate liability by following a diligent process.

IAA offers consulting services to retirement plan sponsors in some or all of the following areas as agreed upon between the plan sponsor and IAA in the written consulting services agreement.

- Investment Policy Statement – assist the plan sponsor in developing or revising the plan’s investment policy statement based upon its objectives and constraints
- Service Provider Liaison – act as a liaison between the plan and its service providers, product sponsors and vendors based solely on instructions from the plan on investment or administrative matters. IAA will not exercise judgment or discretion with regard to these matters
- Investment Monitoring – perform ongoing monitoring of investments and/or investment managers based on written guidance provided by the plan
- Investment Recommendations – recommend specific investments for plan sponsor to consider within the plan or to make available to plan participants (if applicable), and/or recommend replacement investments if an existing investment is deemed no longer suitable by the plan sponsor. All decisions regarding investment options to be made available to plan participants for purchase are the responsibility of the plan sponsor
- Investment Education – Provide education on general investment product types and strategies
- Performance Reports – Provide performance reports generated through account aggregating software or an IAA approved performance reporting vendor
- 404(c) Assistance – assist plan in identifying investment options under the “broad range” requirement of

## ERISA 404(c)

- Qualified Default Investment Alternative (QDIA) Assistance – assist client in identifying an investment alternative within the definition of QDIA under ERISA
- Education Services to Plan Sponsor – provide training for members of the plan sponsor or any plan committee with regard to their services, including education with respect to their fiduciary responsibilities
- Participant Enrollment – assist and/or provide resources to assist the plan in enrolling plan participants in the plan, including facilitating agreed upon enrollment meetings and providing participants with information about the plan such as terms and operation of the plan, benefits of plan participation, benefits of increasing plan contributions, and impact of preretirement withdrawals on retirement income
- Participant Education – facilitate individual or group investment education meetings for plan participants providing information about investment options under the plan such as investment objectives and historical performance, explaining investment concepts such as diversification and risk and return, and providing guidance as to how to determine investment time horizon and risk tolerance. This will not include individualized investment advice for a particular participant
- Changes in Investment Options – assist in making changes to investment options under the plan upon the plan sponsor’s direction. IAA will have no discretion over the changes made or be involved in trade execution
- Vendor Analysis – assist plan with the preparation, distribution and evaluation of Requests for Proposals, finalist interviews and conversion support
- Benchmarking Services – provide plan with comparisons of plan data such as fees, services, participant enrollment and participant contributions levels to data from the plan’s prior years and/or similar plans
- Fee Assessment – assist plan in identifying fees and other costs incurred by the plan for investment management, recordkeeping, participant education, participant communication and/or other services provided

The plan sponsor is responsible for determining whether or not to implement any recommendations provided by IAA. IAA does not take discretion with respect to plan assets and IAA does not provide individualized advice to participants in the plan.

In some situations, where agreed to in writing by IAA, certain specified investment management services may be provided to plan sponsors. These services include making investment selections and developing custom model portfolios.

In certain situations, an advisor providing Retirement Plan Consulting Services may also offer his/her advisory services to participants of the plan under the Participant Investment Advice Program and/or through Financial Planning Services. In this case, the advisor would be compensated for their services as advisor to the plan and as advisor to the participants of the plan.

### RETIREMENT PLAN INVESTMENT MANAGEMENT

**3(38) Investment Manager.** IAA acts as an ERISA 3(38) Investment Manager in which it has discretionary management and control of a given retirement plan’s assets. IAA would then become solely responsible and liable for the selection, monitoring and replacement of the plan’s investment options.



1. Fiduciary Services include:

- Advisor has discretionary authority and will make the final decision regarding the initial selection, retention, removal and addition of investment options in accordance with the Plan's investment policies and objectives.
- Assist the Plan Sponsor with the selection of a broad range of investment options consistent with ERISA Section 404(c) and the regulations thereunder.
- Assist the Plan Sponsor in the development of an investment policy statement. The IPS establishes the investment policies and objectives for the Plan.
- Provide discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Plan Sponsor retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5).
- Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove or replace investment options.
- Meet with Plan Sponsor on a periodic basis to discuss the reports and the investment recommendations.

2. Non-fiduciary Services include:

- Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. The Advisor's assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor's definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, the Advisor is not providing fiduciary advice as defined by ERISA to the Plan participants. Advisor will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.

IAA may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between Advisor and Plan Sponsor.

3. IAA has no responsibility to provide services related to the following types of assets ("Excluded Assets"):

- a. Employer securities;
- b. Real estate (except for real estate funds or publicly traded REITs);
- c. Stock brokerage accounts or mutual fund windows;
- d. Participant loans;
- e. Non-publicly traded partnership interests;
- f. Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
- g. Other hard-to-value or illiquid securities or property.

**CLIENT-TAILORED SERVICES AND CLIENT-IMPOSED RESTRICTIONS**

The goals and objectives for each Client are documented in our Client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities. These restrictions may, however, prohibit engagement with IAA.



### WRAP FEE PROGRAMS

IAA offers Asset Management services through the IAA Wrap Fee Program. IAA is both sponsor and portfolio manager of the program. In a Wrap Fee account, clients are charged a single bundled fee as a percentage of the assets managed in the wrap fee program that can include advisory fees, transaction fees, and other expenses related to the wrap fee program.

There is no significant difference between how the Firm manages wrap fee accounts versus non-wrap fee accounts. However, as stated above, if a client determines to engage IAA on a wrap fee basis the client will pay a single fee for investment management and transaction fees. The services included in a wrap fee agreement will depend upon each client's particular need.

When managing a client's account on a wrap fee basis, IAA shall receive, as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted. Since transaction fees in a wrap fee account are paid by IAA, a conflict of interest exists as IAA has the Firm has a disincentive to trade securities in the client account.

For more information on the IAA Wrap Fee Program, please see the IAA Wrap Fee Program Brochure.

### **Assets Under Management**

As of December 31, 2023, we have \$12,826,908,245 of discretionary assets under management. No assets were managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **Fee Schedule**

#### ASSET MANAGEMENT SERVICES FEES

The annual advisory fee for management services is a maximum of 2.00% and is based on 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. Lastly, please note that IAA may group certain related Client accounts, often known as "householding," for the purposes of achieving the minimum account size and determining the annualized fee.

IAA leverages the services of account aggregating software and a 360-day year for calculating the advisory fees of accounts held at TD, Fidelity, and Schwab and for certain account held at LPL. Once fees are calculated, IAA provides the fees to be deducted from your account to the Custodian for processing. LPL also uses a 360-day year and is responsible for calculating and deducting all advisory fees from accounts held at LPL.

#### THIRD-PARTY MANAGERS/CO-ADVISORY PLATFORMS FEES



When IAA refers clients to a third-party investment advisory firm, you pay an annual advisory fee to the third-party advisory firm as set forth in the investment advisory agreement for the third-party advisor. The advisory fee includes the fee paid to the third-party advisor, and the referral fee paid to IAA. The amount of the referral fee is provided in writing to the client at the time of the referral. The third-party advisor may also pay a portion of the fee it receives as compensation to other parties providing services to the client on its behalf. The advisory fee may be payable in advance or in arrears, as determined by the third-party advisor.

Under certain conditions, the third-party advisory firm will also pay IAA an additional bonus that is based on the overall value of assets that have been referred by IAA to the third-party advisory firm, an asset retention bonus or loyalty program payment. The amount of the asset retention bonus or loyalty program payment is determined by the third-party advisor, is dependent upon asset levels, and is no greater than 0.105%. The existence of the asset retention bonus or loyalty program payment presents a conflict of interest in that IAA has a financial incentive to recommend that you maintain your account with a third-party advisory firm that pays an asset retention bonus. However, to the extent that IAA recommends you establish or maintain a relationship with the third-party advisory firm, it is because IAA believes that it is in your best interest to do so based on your overall goals and objectives, and the services offered by the third-party advisor.

#### FINANCIAL PLANNING SERVICES FEES

For stand-alone Financial Planning services (not as part of a combined Investment Advisory Agreement), the fee is negotiated between the IAA and client and the amount of the fee is as stated in the client agreement. For financial planning, clients pay either on an hourly basis or a per plan basis (flat rate fee). The hourly charge is a maximum of \$500 per hour and the flat rate fee typically ranges from \$0 to \$15,000. On a case-by-case basis, IAA may charge a higher fee depending upon the complexity of the plan. For hourly consulting services, clients pay an hourly charge, up to a maximum of \$500 per hour as negotiated between the IAR and client. Clients should understand that the financial planning or hourly consulting fee client negotiates with IAR may be higher than the fees charged by other investment advisors for similar services.

Typically, financial planning fees will be due upon the client's acceptance of the plan. However, other fee payment arrangements may be negotiated. For hourly consulting services in which a plan is not presented to the client, the fee will typically be payable upon completion of the consultation.

Where travel or other expenditures are included in the delivery of services, the advisory representative may choose to invoice the client for expenses incurred by the representative for travel and other expenditures associated with the delivery of the service – this will be agreed to by the client and the advisory representative prior to execution of the Financial Planning Agreement and will be set forth in writing.

#### Wealth.com Estate Planning Fees

Wealth.com Estate Planning fees will vary per client and are negotiable. Wealth.com fees will be charged either monthly or quarterly and can be paid by credit or debit card using the AdvicePay service or paid directly to IAA by check.

#### WEALTH COACHING SERVICES FEES

The fees for coaching services will be charged on a fixed fee basis per quarter. The fixed fee is based on the nature, scope, and complexity of the coaching services offered. The quarterly fee for wealth coaching ranges from \$250 to \$10,000. The fees are negotiable between the Client and IAA, and the amount of the fee will be set forth in the



Application. Fees are due and payable to IAA every three months in advance for the next quarterly period. IAA will provide the Client with an invoice for the quarterly fees. This Agreement will automatically be terminated for non-payment.

### RETIREMENT PLAN FEES

Fees for services will be billed based on one of the following methods listed below and in the amount as agreed upon between IAA and the plan sponsor in the written consulting services agreement and will be charged in arrears.

- Annual Flat Fee
- Annual Fee Based on a Percentage of Plan Assets
- One-Time Flat Rate Fee for Project Specific Work
- Hourly Rate

The level of fees will be set based upon the scope, nature and complexity of the services selected by the plan sponsor, the number of participants in the plan, and the overall size of the plan. Fees are negotiable between IAA and the plan sponsor. The typical maximum percentage-based fee per year is 1% per plan. Fees may be paid directly by the plan sponsor or out of plan assets by a service provider or other third party, as authorized by the plan sponsor.

In addition, the plan sponsor may pay a transition expense fee for the first year after the plan transitions to a new platform/product provider. This fee is intended to cover the additional services (e.g., fund mapping, assistance with enrollment, additional education to plan committee members and participants, etc.) that IAA will provide because of a transition.

### **Payment of Fees**

Depending on the program being utilized and the preference of the client, advisory fees will either be drawn directly from the client's account or invoiced to the client to be paid to IAA via check, credit card or ACH.

Asset Management Fees are deducted directly from the Client's Account.

Sub-Advisor Fees are deducted directly from the Client's Account.

For TPM services, the method of payment will be disclosed in the TPM's Form ADV Part 2. IAA's portion of the fees are remitted to IAA from the TPM.

Financial Planning and Consulting Fees are generally invoiced directly to the Client but may also be deducted from another account held with IAA.

Wealth Coaching Fees are generally invoiced directly to the Client but may also be deducted from another account held with IAA.

Retirement Plan Services Fees are deducted directly from the Client's Account.

IAA, in its sole discretion, may charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.).

For all services, Clients may terminate their engagement with IAA within five (5) business days of signing an



Agreement with no obligation and without penalty. After the initial (5) business days, the Agreement may be terminated by IAA with thirty (30) days written notice to Client and by the Client at any time with written notice to IAA. For accounts opened or closed mid-billing period, fees will be prorated based on the days services are provided during the given period. In the case of hourly engagements, fees will be prorated based on the work completed at the stated hourly rate. All unpaid earned fees will be due to IAA and all unearned fees will be refunded to the Client. Any increase in fees will be acknowledged in writing by both parties before any increase in said fees occurs.

## **Additional Fees**

In an Advisory account, in addition to the advisory fee you pay to us for our services, you will pay certain transaction charges for trade execution. These transaction charges are paid to the custodian; IAA does not receive any portion of the transaction charges. The transaction charges vary based on the type of investment (e.g., mutual fund, ETF, equity, or option) and range from \$0 to \$50.00. Custodian will provide you with a schedule of transaction charges when you establish your account.

Under certain conditions you will also incur certain charges imposed by third parties other than IAA in connection with investments made through the account depending upon the type of investments made and type of account. IAA does not receive any portion of these fees. These charges include, but are not limited to, the following:

- Mutual funds - mutual fund 12b-1 fees, mutual fund management fees and administrative expenses, mutual fund transaction fees and redemption charges (if applicable) and deferred sales charges on previously purchased mutual funds transferred into the account
- ETFs – fund management fees and expenses
- Variable annuities – mortality, expense and administrative charges, fees for additional riders purchased by you on the contract, and charges for excessive transfers within a calendar year if 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 fees based on average daily deposit balances
- Other charges required by law and imposed by the executing broker/dealer or custodian

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 our management services and by making your own fund investment decisions.

## **Fee Differentials**

As indicated above, IAA prices its services based upon various objective and subjective factors. Clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and



scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, the services to be provided by the Registrant to any particular client could be available from other investment advisers at lower fees. All clients and prospective clients should be guided accordingly.

### **Advisory Program Cost Differentials**

IAA participates in several advisory programs with third-parties (e.g., LPL Financial, and other custodians), including the Custodian Programs, which charge varying levels of program fees. When a client invests through such advisory programs, an investment advisory fee is deducted from the assets placed in that advisory program. The advisory program retains a portion of the program fee, and a portion of the program fee is paid to the IAA. The varying levels of program fees provide an incentive or disincentive for the IAA and its IARs to participate in or to recommend a particular advisory program. The recommendation by an IAR that a client select a particular advisory program presents a conflict of interest, as the IAR's compensation provides an incentive to recommend a particular advisory program. All clients and prospective clients should be aware of these factors in selecting an advisory program and in negotiating an investment advisory fee. Before opening an account in a Custodian Program, clients will be provided with an account agreement that fully outlines the fees the client will pay for the services. For detailed information on specific advisory programs offered through our custodians, please ask your IAR, or contact IAA directly.

### **Prepayment of Fees**

Asset Management fees are billed in advance. IAA does not require nor solicit prepayment of more than \$1,200 in fees per Client six months or more in advance.

### **External Compensation for the Sale of Securities**

Certain IARs of IAA may also be registered as Registered Representatives of LPL Financial, a FINRA-registered a broker-dealer, which allows them to perform brokerage services for Clients by executing security transactions. This practice represents a conflict of interest because the IARs is able to choose between offering Client's fee-based programs and services (as is typical of an advisory relationship) and/or commission-based products and services (as is typical of a brokerage relationship). While a Client generally pays a fee to their IARs on an advisory account based on the value of account assets and not the number of transactions, in their capacities as Registered Representatives, an IAR can offer securities and receive a commission, markup, or markdown on each transaction. An example of this may be a transaction commission on a mutual fund purchase, with additional compensation paid from an ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the Client maintains the mutual fund investment. Our IARs do not receive these 12b-1 fees in relation to managed investment advisory accounts in their role as Registered Representatives. This conflict is mitigated by disclosures, procedures, and IAA's fiduciary obligation to place the best interest of the Client first. Moreover, Clients are not required to engage the broker-dealer or its representatives if they do not wish to. More information on this can be found in the respective IAR's Form U4 and ADV 2B.

### **12-b1 Fees**

If a Client account holds certain shares of mutual funds or other investments that pay 12b-1 (commonly referred to as "trail commissions"), you should know that those 12b-1 fees are paid to our affiliated broker-dealer, which will be in addition to the management fees and normal brokerage fees paid to IAA. This can happen even when a share class of the same fund was available that would not provide the broker-dealer with additional compensation.





This creates a conflict of interest as it can generate additional compensation for our affiliated broker-dealer. This conflict is mitigated by disclosures and IAA's fiduciary obligation to place the best interest of the Client first. Moreover, since IAA has a fiduciary duty to recommend the best, and often lowest cost share class to their Clients, IAA's policy prohibits our IARs from purchasing funds with 12b-1 fees in Client accounts. Further, when Clients transfer holdings that include funds with 12b-1 fees into accounts under management by IAA, IARs will find suitable replacement funds for the client to exchange into.

## **Transaction Fees**

Please note that trades made at our affiliated broker-dealer may be assessed transaction fees (i.e., trade commissions) which is a fee charged by the broker-dealer to execute the transaction. Please also note that broker-dealer also has the authority to determine, at their discretion, the amount of such transaction fees. These fees, charged per trade, will be reflected on your trade confirmations provided by the broker-dealer. This creates a conflict of interest as the broker-dealer, and indirectly IAA will benefit when we recommend that you invest your money at our affiliated broker-dealer, since it will generate additional compensation on each and every trade made. This conflict is mitigated by disclosures, procedures, and IAA's fiduciary obligation to place the best interest of the Client first. Moreover, IAA may reduce the Client's advisory fee(s) to offset these transactions fees.

One of our custodians, Charles Schwab & Co., Inc. ("Schwab") and other custodians have eliminated transactions fees for online trades of U.S. equities, ETFs, and options (subject to \$0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to Schwab. We encourage you to review Schwab's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage or advisory services separately. To see what you pay for transactions in a non-wrap account, please refer to Schwab's most recent pricing schedules available at [www.schwab.com/legal/schwab-pricing-guide-for-advisor-services](http://www.schwab.com/legal/schwab-pricing-guide-for-advisor-services).

The above is not an exhaustive list of additional compensation earned due to IAA's relationship with our affiliated broker-dealer. However, because these fees and revenue sources are products of the custodian and broker-dealer, they are fully disclosed in the Brokerage Agreement which you will execute. Furthermore, please note that these fees are in addition to the management fees you pay to IAA.

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

Fees are not based on a share of the capital gains or capital appreciation of managed securities. IAA does not use a performance-based fee structure nor "side-by-side" management because of the conflict of interest. Performance based compensation may create an incentive for IAA to recommend an investment that may carry a higher degree of risk to the Client.

## **Item 7 – Types of Clients**

IAA's Clients are generally individuals, small businesses, trusts, estates, high net-worth individuals, pooled investment vehicles, and charities. Client relationships vary in scope and length of service.

Clients are not required to have a certain amount of investment experience or sophistication. There is no minimum account size to become a client of IAA; however, certain Co-Advisory Platform accounts and TPM accounts have minimum account opening requirements.

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

### Methods of Analysis and Investment Strategies

Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance is not a guarantee of future returns. Security analysis methods may include:

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

Charting analysis strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are twofold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

Quantitative analysis deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

Modern portfolio theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets.

In developing a financial plan for a Client, IAA's analysis may include cash flow analysis, investment planning, risk management, tax planning and estate planning. Based on the information gathered, a detailed strategy is tailored to the Client's specific situation.

The main sources of information include financial newspapers and magazines, annual reports, prospectuses, and filings with the SEC.

TPMs utilized by IAA may use various methods of analysis to determine the proper strategy for the Client referred and these will be disclosed in the TPM's Form ADV Part 2. Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance is not a guarantee of future returns. Other strategies utilized by TPMs may include long-term purchases, short-term purchases, trading, and option writing (including covered options, uncovered options, or spreading strategies).



## Investment Strategy

The investment strategy for a specific Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time by providing written notice to IAA. Each Client executes a Client profile form or similar form that documents their objectives and their desired investment strategy.

## Risks of Investments and Strategies Utilized

Investing in securities involves risk of loss that Clients should be prepared to bear. IAA's investment approach constantly keeps the risk of loss in mind. Investors may face the following investment risks:

**General Investment and Trading Risks.** Clients may invest in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. The investment program utilizes such investment techniques as option transactions, margin transactions, short sales, leverage, and derivatives trading, the use of which can, in certain circumstances, maximize the adverse impact to which a Client may be subject.

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

**Inflation Risk.** When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.

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

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

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

**Management Risk.** The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the Client's portfolio may suffer.

**Cybersecurity Risk.** IAA and its service providers may be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity attacks affecting IAA and its service providers may adversely impact Clients. For instance, cyberattacks may interfere with the processing of transactions, cause the release of private information about Clients, impede trading, subject IAA to regulatory fines or financial losses, and cause reputational damage. Similar types of cybersecurity risks are also present for issuers of securities in which Clients may invest in, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions. Cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and

reputational damages, and loss from damage or interruption of systems. Although IAA has established its systems to reduce the risk of these incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that IAA does not directly control the cybersecurity measures and policies employed by third party service providers.

**Options Trading.** The risks involved with trading options are that they are very time sensitive investments. An options contract is generally for a few months. The buyer of an option could lose his or her entire investment even with a correct prediction about the direction and magnitude of a particular price change if the price change does not occur in the relevant time period (i.e., before the option expires). Additionally, options are less tangible than some other investments. An option is a “book-entry” only investment without a paper certificate of ownership.

**Trading on Margin.** In a cash account, the risk is limited to the amount of money that has been invested. In a margin account, risk includes the amount of money invested plus the amount that has been loaned. As market conditions fluctuate, the value of marginable securities will also fluctuate, causing a change in the overall account balance and debt ratio. As a result, if the value of the securities held in a margin account depreciates, the Client will be required to deposit additional cash or make full payment of the margin loan to bring the account back up to maintenance levels. Clients who cannot comply with such a margin call may be sold out or bought in by the brokerage firm.

**Exchange-Traded Funds.** ETFs are a type of index fund bought and sold on a securities exchange. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile and ETFs have management fees that increase their costs. ETFs are also subject to other risks, including: (i) the risk that their prices may not correlate perfectly with changes in the underlying reference units; and (ii) the risk of possible trading halts due to market conditions or other reasons that, in the view of the exchange upon which an ETF trades, would make trading in the ETF inadvisable.

**Mutual Fund Risks.** An investment in mutual funds could lose money over short or even long periods. A mutual fund’s share price and total return are expected to fluctuate within a wide range, like the fluctuations of the overall stock market.

**Common Stocks and Equity-Related Securities.** Certain ETFs or mutual funds hold common stock. Prices of common stock react to the economic condition of the company that issued the security, industry and market conditions, and other factors which may fluctuate widely. Investments related to the value of stocks may rise and fall based on an issuer’s actual and anticipated earnings, changes in management, the potential for takeovers and acquisitions, and other economic factors. Similarly, the value of other equity-related securities, including preferred stock, warrants, and options may also vary widely.

**Small- and Mid-Cap Risks.** Certain ETFs and mutual funds hold securities of small- and mid-cap issuers. Securities of small-cap issuers may present greater risks than those of large-cap issuers. For example, some small- and mid-cap issuers often have limited product lines, markets, or financial resources. They may be subject to high volatility in revenues, expenses, and earnings. Their securities may be thinly traded, may be followed by fewer investment research analysts, and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. The market prices of securities of small-

and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments, and to market rumors than are the market prices of large-cap issuers.

**Futures, Commodities, and Derivative Investments.** Certain ETFs and mutual funds hold commodities, commodities contracts, and/or derivative instruments, including futures, options, and swap agreements. The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts, and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options, and swap agreements also depends upon the price of the commodities underlying them. In addition, Client assets are subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses or counterparties.

**Highly Volatile Markets.** The prices of financial instruments can be highly volatile. Price movements of forward and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. Clients are also subject to the risk of failure of any of the exchanges on which their positions trade or of its clearinghouses.

**Non-U.S. Securities.** Certain ETFs and mutual funds hold securities of non-U.S. issuers. Investments in securities of non-U.S. issuers pose a range of potential risks which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility, and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing, and financial reporting standards, and requirements comparable to or as uniform as those of U.S. issuers.

**Emerging Markets.** Certain ETFs and mutual funds hold securities of emerging markets issuers. In addition to the risks associated with investments outside of the United States, investments in emerging markets (i.e., the developing countries) may involve additional risks. Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices, and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices.

**Capitalization Risks.** Investing in Companies within the same market capitalization category carries the risk that the category may be out of favor due to current market conditions or investor sentiment.

**Market Risks.** Turbulence in the financial markets and reduced liquidity may negatively affect the Companies, which could have an adverse effect on each of them. If the securities of the Companies experience poor liquidity, investors may be unable to transact at advantageous times or prices, which may decrease the Company's returns. In addition, there is a risk that policy changes by central governments and governmental agencies, including the Federal Reserve or the European Central Bank, which could include increasing interest rates, could

cause increased volatility in financial markets, which could have a negative impact on the Companies. Furthermore, local, regional, or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the Companies. For example, the rapid and global spread of a highly contagious novel coronavirus respiratory disease, designated COVID-19, has resulted in extreme volatility in the financial markets and severe losses; reduced liquidity of many Companies' securities; restrictions on international and, in some cases, local travel; significant disruptions to business operations (including business closures); strained healthcare systems; disruptions to supply chains, consumer demand and employee availability; and widespread uncertainty regarding the duration and long-term effects of this pandemic. Some sectors of the economy and individual issuers have experienced particularly large losses. In addition, the COVID-19 pandemic may result in a sustained economic downturn or a global recession, domestic and foreign political and social instability, damage to diplomatic and international trade relations and increased volatility and/or decreased liquidity in the securities markets. The Companies' values could decline over short periods due to short-term market movements and over longer periods during market downturns.

**Inverse and Leveraged Products.** IAA may recommend and engage in trading with leveraged and inverse products. These products are aggressive in nature and carry unusual and significant risk. They are not appropriate for inexperienced investors. These products are intended to be used/traded daily. Most leveraged and inverse ETFs reset on a daily basis and have published prospectuses that state (1) they're designed to achieve their stated objective within one day, (2) clients can lose all of their investment potentially in one day, and (3) holding these securities for periods longer than one day could lead to losses even if the underlying index moves in the anticipated direction. Regulatory organizations, such as FINRA & SEC, have released alerts stating that inverse and leveraged ETFs that reset daily typically are not suitable for retail investors who plan to hold them longer than one day. Managers may hold these products in client accounts for periods of time significantly greater than one day. Investors with holding periods longer than a day expose themselves to substantial risk as the holding period returns will deviate from the returns to a leveraged or inverse investment in the index. It is possible for an investor in a leveraged ETF to experience negative returns even when the underlying index has positive returns.

**Penny Stock Risks.** Generally, Penny Stocks are low-priced shares of small companies that are not traded on an exchange. Penny Stocks typically trade over-the-counter, such as on the OTC Bulletin Board or Pink Sheets. Penny Stocks, unlike listed stocks, are not subject to SEC reporting requirements or the listing standards of stock exchanges. Because of this, information about the Penny Stock companies can be difficult to find and verify. Penny Stocks also have lower liquidity as they are traded less frequently. This also leads to higher volatility. For these reasons, Penny Stocks are considered to be speculative investments and Clients who trade in penny stocks should be prepared for the possibility that they may lose their entire investment, or an amount in excess of their investment if they purchased Penny Stocks on margin.

**Variable Annuity Risk.** A variable annuity is a form of insurance where the seller or issuer (typically an insurance company) makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum (single-payment annuity) or a series of regular payments (regular-payment annuity). The payment stream from the issuer to the annuitant has an unknown duration based principally upon the date of death of the annuitant. At this point, the contract will terminate, and the remainder of the funds accumulated are forfeited unless there are other annuitants or beneficiaries in the contract. Annuities can be purchased to provide an

income during retirement. Unlike fixed annuities that make payments in fixed amounts or in amounts that increase by a fixed percentage, variable annuities pay amounts that vary according to the performance of a specified set of investments, typically bond and equity mutual funds. Many variable annuities typically impose asset-based sales charges or surrender charges for withdrawals within a specified period. Variable annuities may impose a variety of fees and expenses, in addition to sales and surrender charges, such as mortality and expense risk charges; administrative fees; underlying fund expenses; and charges for special features, all of which can reduce the return. Earnings in a variable annuity do not provide all the tax advantages of 401(k)s and other before-tax retirement plans. Once the investor starts withdrawing money from their variable annuity, earnings are taxed at the ordinary income rate, rather than at the lower capital gains rates applied to other non-tax-deferred vehicles which are held for more than one year. Proceeds of most variable annuities do not receive a "step-up" in cost basis when the owner dies like stocks, bonds and mutual funds do. Some variable annuities offer "bonus credits." These are usually not free. In order to fund them, insurance companies typically impose mortality and expense charges and surrender charge periods. In an exchange of an existing annuity for a new annuity (so-called 1035 exchanges), the new variable annuity may have a lower contract value and a smaller death benefit; may impose new surrender charges or increase the period of time for which the surrender charge applies; may have higher annual fees; and provide another commission for the broker.

**Alternative Investments.** When appropriate for a Client's objective, risk tolerance and qualifications, IAA recommends the client participate in private issues, such as single purpose vehicles, funds of funds, private equity, and hedge funds. These are usually structured as limited partnerships with differing minimum investments, liquidity, fees and charges.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with IAA.

**Management Through Third-Party Model Investment Portfolios.** IAA has developed an investment management program utilizing model investment portfolios provided by third-party model providers to assist IAA in providing discretionary investment management services to its clients. IAA is solely responsible for determining whether the use of the models is suitable for each client in accordance with the client's investment objectives, risk tolerance, financial situation and guidelines. The third-party model provider programs do not receive any fees or compensation from IAA for offering their model portfolios. Clients may pay a higher management fee for the use of model portfolios. The model portfolios include mutual funds and/or exchange-traded funds that are managed by the affiliates of the model provider, including sub-advisors, and that pay fees and other compensation to such affiliates.

Neither the model providers nor IAA will vote proxies or exercise any option, warrant or other right or privilege associated with the securities and other property included in the model portfolios. IAA has sole authority and responsibility for the selection of broker-dealers and the execution of transactions for client's accounts.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients' net after-tax gains. While the firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities



transactions affected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. Clients should contact IAA if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

## **Item 9 – Disciplinary Information**

IAA and its management have not been involved in any criminal or civil actions, administrative or self-regulatory enforcement proceedings, nor any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of IAA or the integrity of its management.

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

### **Registration as a Broker-Dealer or Broker-Dealer Representative**

Certain Investment Advisor Representatives (IAR) of IAA may also be registered as Registered Representatives (RR) of LPL Financial, a dually registered Investment Advisor and Broker-Dealer. This registration allows those IARs to perform brokerage services for Clients by executing security transactions. This practice represents a conflict of interest because Investment Advisor Representatives are able to choose between offering Clients fee-based programs and services (as is typical of an advisory relationship) and/or commission-based products and services (as is typical of a brokerage relationship). While a Client generally pays a fee to their Investment Advisor Representatives on an advisory account based on the value of account assets and not the number of transactions, in their capacities as Registered Representatives, an Investment Advisor Representative can offer securities and receive a commission, markup, or markdown on each transaction.

This conflict is mitigated by disclosures, procedures, and IAA's fiduciary duty to place the best interest of the Client first. Moreover, Clients are not required to engage the broker-dealer or its representatives if they do not wish to. More information on this can be found in the respective Investment Advisor Representative's Form U4 and ADV 2B.

### **Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither IAA nor its management persons are registered as futures commission merchant, commodity pool operator, or a commodity trading advisor.

### **Relationships Material to this Advisory Business and Possible Conflicts of Interest**

Certain advisory representatives are also 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.

IAA co-owns Sage Insurance Partners ("Sage,") which offers Property & Casualty Insurance products. IAA IARs can refer IAA clients to Sage for their Property & Casualty Insurance needs and receive a referral fee from Sage. This represents a conflict of interest as the IAR is incentivized to refer IAA clients to Sage for that referral fee. However,





IAA and its IARs have a fiduciary duty to all clients to put the client's interest ahead of the Firm's or the IARs. Further, IAA clients are under no obligation to engage Sage for their insurance needs. Similar insurance products and services are available through other carriers.

Many of IAA's IARs have their own legal business entities whose trade names and logos are used for marketing purposes and may appear on marketing materials and/or client statements. The clients should understand that the businesses are legal entities of the IAR's and not of IAA. The IARs are under our supervision and the advisory services of the IARs are provided through our firm.

### **Selection of Other Advisors or Managers**

IAA may select and appoint one or more Sub-Advisor(s) to provide Sub-Advisor Services to Client Accounts. When selecting Sub-Advisors, the Client's best interest will be the main determining factor of IAA. IAA ensures that before selecting other Sub-Advisors that they are properly licensed or registered as an investment advisor.

Clients placed with TPMs will be billed in accordance with the TPM's fee schedule which will be disclosed to the Client prior to signing an agreement. When referring Clients to a TPM, the Client's best interest will be the main determining factor of IAA. IAA ensures that before selecting other advisors for Client that the other advisors are properly licensed or registered as an investment advisor.

These practices represent conflicts of interest because IAA is compensated directly or indirectly for recommending certain TPMs and may choose to recommend a particular TPM based on the compensation that IAA is to receive. This conflict is mitigated by disclosures, procedures, and IAA's fiduciary obligation to act in the best interest of its Clients. Clients are not required to accept any recommendation of TPMs given by IAA and have the option to receive investment advice through other money managers of their choosing.

As described elsewhere in this brochure, IAA refers clients to third party investment advisory firms for advisory services. IAA receives a portion of the investment advisory fee paid by the client to the third-party advisor for the referral. This referral fee from the third-party advisory firm may be a percentage of assets under management (generally ranges from 0% to 1.00%) or as a flat annual fee (maximum of \$800). This presents a conflict of interest as IAA does not refer clients to other third-party advisors that do not share the advisory fee. In some cases, the third-party investment advisory firm will also pay additional compensation to IAA in the form of an asset retention bonus or loyalty program payment. This also presents a conflict of interest in that IAA has a financial incentive to recommend that you maintain your account with a third-party advisory firm that pays an asset retention bonus or loyalty program payment.

As discussed previously, advisory representatives of IAA may also be 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.

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

The affiliated persons (affiliated persons include employees and/or independent contractors) of IAA have committed to a Code of Ethics (“Code”). The purpose of our Code is to set forth standards of conduct expected of IAA affiliated persons and addresses conflicts that may arise. The Code defines acceptable behavior for affiliated persons of IAA. The Code reflects IAA and its supervised persons’ responsibility to act in the best interest of their Client.

One area which the Code addresses is when affiliated persons buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our Clients. We do not allow any affiliated persons to use non- public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our Clients.

IAA’s policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other affiliated person, officer or director of IAA may recommend any transaction in a security or its derivative to advisory Clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

IAA’s Code is based on the guiding principle that the interests of the Client are our top priority. IAA’s officers, directors, advisors, and other affiliated persons have a fiduciary duty to our Clients and must diligently perform that duty to maintain the complete trust and confidence of our Clients. When a conflict arises, it is our obligation to put the Client’s interests over the interests of either affiliated persons or the company.

The Code applies to “access” persons. “Access” persons are affiliated persons who have access to non-public information regarding any Clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to Clients, or who have access to such recommendations that are non-public.

IAA will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

### **Recommendations Involving Material Financial Interests**

LPL’s parent company, LPL Investment Holdings Inc., is a publicly traded company (Symbol: LPLA). IAA does not recommend or solicit orders of LPL Investment Holdings Inc. stock in Program accounts.

### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

IAA and its affiliated persons may invest in the same securities (or related securities, e.g., warrants, options, or futures) that IAA or an affiliated person recommends to Clients. In order to mitigate conflicts of interest, such as frontrunning, IAA’s Chief Compliance Officer, or their designee, will no less than quarterly, review firm and/or personal holdings of its affiliated persons. These reviews ensure that the personal trading of affiliated persons does not disadvantage Clients of IAA

### **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

IAA and its affiliated persons may recommend securities, or buy or sell securities for Clients accounts, at or about the same time, that they also buy or sell the same securities in their own account(s). IAA, for instance, will place





trades in an account in an attempt to earn better than money market rates. In order to mitigate conflicts of interest, such as frontrunning, IAA's Chief Compliance Officer, or their designee, will no less than quarterly, review firm and/or personal holdings of its affiliated persons. These reviews ensure that the personal trading of affiliated persons does not disadvantage Clients of IAA.

## **Item 12 – Brokerage Practices**

### **Factors Used to Select or Recommending Broker-Dealers**

IAA seeks to make available only custodians who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, but not limited to, the following: ability to execute, clear and settle transactions and provide custody services, availability of a range of investment products, availability of technological tools and investment research to assist us in managing assets, competitive pricing, reputation and financial strength, and prior service to us and our clients.

IAA has entered into relationships with LPL, Charles Schwab, TD Ameritrade, and Fidelity to serve as custodian and executing broker/dealer for asset management Program accounts. While IAA may make a recommendation as to the selection of custodian, IAA requires that clients select and direct the custodian as the sole and exclusive broker/dealer to execute transactions for Program accounts. All Program account transactions will be processed without commissions. While IAA believes that the available custodians have execution procedures that are designed to obtain the best execution possible, there can be no assurance that best execution will be achieved. Clients should understand that not all advisors require their clients to direct brokerage. By directing brokerage to LPL, Charles Schwab, TD Ameritrade, or Fidelity clients may be unable to achieve the most favorable execution of client transactions. Therefore, directed brokerage may cost clients more money.

Client should also be aware that if an advisory representative is also an LPL registered representative, he/she may not be permitted to use a custodian other than LPL. Whether or not an advisory representative is able to use another custodian is determined by both LPL and IAA and will be based on the experience and production level of the advisory representative, among other items.

### **RESEARCH AND OTHER SOFT DOLLAR BENEFITS**

Custodians make available to IAA various products and services designed to assist IAA in managing and administering client accounts. Many of these products and services may be used to service all or a substantial number of IAA's accounts, including accounts not held with any particular custodian. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and aggregation and allocation of trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of IAA's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting.

Custodians may also make available to IAA other services intended to help IAA manage and further develop its business. Some of these services assist IAA to better monitor and service program accounts maintained at the custodian, however, many of these services benefit only IAA, for example, services that assist IAA in growing its business. These support services and/or products may be provided without cost, at a discount, and/or at a negotiated rate, and include practice management-related publications; consulting services; attendance at conferences and seminars, meetings, and other educational and/or social events; marketing support; and other



products and services used by IAA in furtherance of the operation and development of its investment advisory business.

Where such services are provided by a third-party vendor, custodian will either make a payment to IAA to cover the cost of such services, reimburse IAA for the cost associated with the services, or pay the third-party vendor directly on behalf of IAA.

The products and services described above are provided to IAA as part of its overall relationship with their custodians. While as a fiduciary, IAA endeavors to act in its client's best interests, the receipt of these benefits creates a conflict of interest because IAA's recommendation]that clients custody their assets at a specific custodian could be based in part on the benefit to IAA of the availability of the foregoing products and services and not solely on the nature, cost or quality of custody or brokerage services provided by LPL Financial. IAA's receipt of some of these benefits may be based on the amount of advisory assets custodied on a custodian's platform.

IAA receives support services and/or products from custodians, many of which assist IAA to better monitor and service client accounts. 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 the custodian. It is not the result of soft dollar arrangements or any other express arrangements that involve 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 a particular custodian. Clients do not pay more for services because we receive these benefits. There is no corresponding commitment made by IAA to a custodian or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of these arrangements.

There is no corresponding commitment made by IAA to any custodian or other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement. However, because IAA receives these benefits from its custodians, there is a conflict of interest. The receipt of these products and services presents a financial incentive for IAA to recommend that its clients use certain custodial platforms rather than another custodian's platform.

### **LPL Transition Assistance Benefits**

LPL Financial provides various benefits and payments to Dually Registered Persons that are new to the LPL Financial platform to assist the representative with the costs (including foregone revenues during account transition) associated with transitioning his or her business to the LPL Financial platform (collectively referred to as "Transition



Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the Dually Registered Person's business, satisfying any outstanding debt owed to the Dually Registered Person's prior firm, offsetting account transfer fees (ACATs) payable to LPL Financial as a result of the Dually Registered Person's clients transitioning to LPL Financial's custodial platform, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of the Transition Assistance payments are often significant in relation to the overall revenue earned or compensation received by the Dually Registered Person at [his/her] prior firm. Such payments are generally based on the size of the Dually Registered Person's business established at their prior firm and/or assets under custody at LPL Financial. Please refer to the relevant Part 2B brochure supplement for more information about the specific Transition Payments your representative receives.

Transition Assistance payments and other benefits are provided to associated persons of IAA in their capacity as registered representatives of LPL Financial. However, the receipt of Transition Assistance by such Dually Registered Persons creates conflicts of interest relating to IAA's advisory business because it creates a financial incentive for IAA's representatives to recommend that its clients maintain their accounts with LPL Financial. In certain instances, the receipt of such benefits is dependent on a Dually Registered Person maintaining its clients' assets with LPL Financial and therefore IAA has an incentive to recommend that clients maintain their account with LPL Financial in order to generate such benefits.

IAA attempts to mitigate these conflicts of interest by evaluating and recommending that clients use LPL Financial's services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by any particular Dually Registered Person. Clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets in a brokerage account at LPL Financial.

#### **BROKERAGE FOR CLIENT REFERRALS**

IAA does not receive Client referrals from any custodian or third party in exchange for using that broker-dealer or third party.

#### **DIRECTED BROKERAGE**

IAA does not generally accept directed brokerage arrangements (when a Client requires that account transactions be effected through a specific broker-dealer) outside of the Firm's primary custodians. However, IAA does allow for Client directed brokerage in certain situations. Such situations may affect IAA's ability to negotiate commissions with the resulting inability to obtain volume discounts or best execution for Client directed accounts in some transactions. Therefore, a Client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case should the Client elect to trade through the broker-dealer IAA recommends.

Investment advisors who manage or supervise Client portfolios have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is affected, the ability to affect the transaction where a large block is involved, the operational facilities of the broker-dealer, the



value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.

### **Aggregating Trading for Multiple Client Accounts**

When a Client authorizes discretionary management, IAA is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of IAA. All Clients participating in the aggregated order shall receive an average share price with all other transactions. If aggregation is not allowed or infeasible and individual transactions occur (e.g., withdrawal or liquidation requests, odd-late trades, etc.) an account may potentially be assessed higher costs or less favorable prices than those where aggregation has occurred. IAA will always attempt to aggregate orders whenever it has the opportunity to do so.

## **Item 13 – Review of Accounts**

### **Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Advisory representatives conduct reviews of client Program accounts on a periodic basis (at least annually). Account reviews are performed more frequently when market conditions dictate. Reviews of Client accounts include, but are not limited to, a review of Client documented risk tolerance, adherence to account objectives, investment time horizon, and suitability criteria, reviewing target allocations of each asset class to identify if there is an opportunity for rebalancing, and reviewing accounts for tax loss harvesting opportunities.

Financial plans are updated as requested by the Client and pursuant to a new or amended agreement, IAA suggests updating at least annually.

### **Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Other conditions that may trigger a review of Clients' accounts are changes in the tax laws, new investment information, and changes in a Client's own situation. Client account reviews may also be triggered upon client request.

### **Content and Frequency of Regular Reports**

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by the Client's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs. IAA may also send periodic or other event-inspired reports based on market or portfolio activity. Reports will generally be provided in electronic format. Additional reporting may also be available upon request from your advisory representative.

## **Item 14 – Client Referrals and Other Compensation**

### **Economic Benefits Provided by Third Parties**

As part of its fiduciary duties to clients, IAA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by IAA or its related persons in and of itself



creates a potential conflict of interest and may indirectly influence the IAA's choice of a particular custodian for custody and brokerage services.

#### LPL FINANCIAL

As referenced in Item 12 above, the IAA may receive an indirect economic benefit from LPL Financial. IAA, without cost (and/or at a discount), may receive support services and/or products from LPL Financial. IAA's clients do not pay more for investment transactions effected and/or assets maintained at LPL Financial as a result of this arrangement. There is no corresponding commitment made by IAA to LPL Financial or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangement. IAA and/or its Dually Registered Persons are incented to join and remain affiliated with LPL Financial and to recommend that clients establish accounts with LPL Financial through the provision of Transition Assistance (discussed in Item 12 above). LPL also provides other compensation to IAA and its Dually Registered Persons, including but not limited to, bonus payments, repayable and forgivable loans, stock awards and other benefits. The receipt of any such compensation creates a financial incentive for your representative to recommend LPL Financial as custodian for the assets in your advisory account. We encourage you to discuss any such conflicts of interest with your representative before making a decision to custody your assets at LPL Financial.

#### OTHER CUSTODIANS

Other broker-dealers, such as the custodians referenced in Item 12 above, may also provide similar indirect economic benefits, support services, and products and do not require higher payments or fees, or minimums. We receive an economic benefit from our other custodians in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at their firms. You do not pay more for assets maintained at our other custodians as a result of these arrangements. However, we benefit from the referral arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by our custodians, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices).

### **Compensation to Non-Advisory Personnel for Client Referrals**

IAA enters into agreements with individuals and organizations, which may be affiliated or unaffiliated with IAA, which refer Clients to IAA in exchange for compensation. All such agreements will be in writing and comply with the requirements of Federal or State regulation. If a Client is introduced to IAA by a solicitor or promoter, IAA may pay that solicitor a fee. While the specific terms of each agreement may differ, generally, the compensation will be a flat fee per referral or a percentage of the introduced capital. Any such fee shall be paid solely from IAA's investment management fee and shall not result in any additional charge to the Client.

Each prospective Client who is referred to IAA under such an arrangement will be provided a written disclosure document that describes the nature of the relationship between the solicitor and IAA.

## **Item 15 – Custody**

All assets are held at qualified custodians, which means the custodians provide account statements directly to Clients at least quarterly. Clients are urged to compare the account statements received directly from their custodians to any documentation or reports prepared by IAA. IAA may provide you with additional, customized

IAA is deemed to have limited custody because advisory fees are directly deducted from Client accounts by the Firm's custodians on behalf of IAA. Any fee deductions will be made pursuant to your prior written authorization contained in the advisory agreement. IAA allows for the payment of advisory fees by Credit Card/ACH fee payments through AdvicePay, a third-party payment vendor. IAA does not have access to any Client payment information through AdvicePay and therefore is deemed not to have custody of those accounts.

IAA is also deemed to have custody of accounts due to having standing letters of authorization ("SLOA") to direct third-party payments. IAA complies with SEC's custody regulations, including the seven conditions required to avoid an annual surprise examination by an outside accounting firm.

## **Item 16 – Investment Discretion**

Client will authorize IAA discretionary authority, via the Advisory Agreement, to determine, without obtaining specific Client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. If applicable, Client will authorize IAA discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement. If however, consent for discretion is not given, IAA will obtain prior Client approval before executing each transaction.

IAA allows Clients to place certain restrictions. Such restrictions could include only allowing purchases of socially conscious investments. These restrictions must be provided to IAA in writing.

## **Item 17 – Voting Client Securities**

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

## **Item 18 – Financial Information**

IAA does not require nor solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance.

IAA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of a bankruptcy petition.